

MINUTE

Meeting of: Scottish Futures Trust Limited - Board

Date & Time: Monday 23 June 2025
Scheduled: 2pm to 5.30pm
Actual: 1.45pm to 5pm

Place: Shared boardroom, Thistle House, 91 Haymarket Terrace, Edinburgh

Present: Joseph Philipsz (JP) (Chair)
Nick Rowan (NR)
Stella Matko (AM)
Stephen Slessor (SS)
Alistair Brown (AB)
Mark Dickson (MD)
Peter Reekie (PR)

Apologies: Pauline Mills (PM)

In attendance: Liz Petrie (LP) (minutes)
Caroline Whyteside (CW)
Ross Ramsay (RR) (part meeting Items 1 to 5)
Colin Proctor (CP) (part meeting Items 1 to 7)
Kerry Alexander (KA) (part meeting Items 5 to 7)
Tony Rose (TR) (part meeting Items 1 to 7)

FORMALITIES

1 Agenda, Introductions and Apologies

Apologies were noted from PM. JP advised that he had spoken with PM in advance of the meeting and would feed her comments into discussions.

2 Declaration of Directors' Interests

No new interests were declared.

3 Minute of Previous Meeting

The minutes of the meeting of the Board of Directors of 12 May 2025 were noted and approved as a correct record.

4 Action Tracker

Completed actions were noted together with timescales for ongoing actions. PR confirmed that the indicators relating to social value are being considered in the development of the new impact framework to report on the Company's performance under the new corporate plan.

PR highlighted the table advising board members of the pairings for workstream familiarisation sessions over the coming year. He confirmed that the relevant leadership team members would contact board directors to set up sessions with the workstreams.

DISCUSSION

5 Business Area Strategy -hub & New Delivery Model for Social Infrastructure

The Board noted the background paper providing an overview of the hub programme and the work being undertaken to develop a new delivery model for social infrastructure.

CP highlighted the success of the mature hub Programme in delivering community infrastructure across Scotland over the past 15 years. He noted that the programme had been established by SFT and the SFT hub team continues to operate the hub Programme Management Office overseeing governance, assurance and improvement across the programme.

The Board noted the initially contracted 20 year lifespan of the hub programme and CP described the early work being undertaken with Scottish Government on developing a new delivery model. CP outlined the aim to build on lessons learnt from the hub model and other procurement frameworks, including incorporating local supply chain development and social value. The Board noted the current initial phase of stakeholder engagement.

The Board acknowledged and discussed the challenges the hub programme currently faces [REDACTED]

RR described the varied approaches being taken by the individual hub companies in addressing the challenges from a diversification of activities to a re-emphasis on core business. It was noted that a number of the hub Companies have sought to broaden their advisory roles with Participants beyond social infrastructure and are working to develop new financing arrangements. It was acknowledged these strands of activity have been initiated and led by the hub Companies working with individual Participants. CP noted that [REDACTED]

[REDACTED] and it is intended that new appointments in the SFT hub team be part of an approach to restore a common purpose.

The challenges and risks of SFT re-establishing a strong role in supporting and guiding the hub programme while developing a new delivery model were acknowledged. The Board further discussed factors determining the pace of development of the new delivery model, managing the interaction between the two programmes and mitigating the risk of an interregnum between the two programmes.

The Board requested a paper outlining hub governance structures and agreed that reports on hub and the progress of the new delivery model should be brought to each Board meeting.

*A paper on hub governance structures to be circulated to the Board.
Updates on hub and the new delivery model to be brought to each Board meeting.*

6 Business Context – Work with SNIB and Economic Agencies

The Board noted the briefing note providing background on SFT's work with, and role within, the wider public sector landscape, in particular in relation to the three economic agencies – Scottish Enterprise (SE), Highland & Islands Enterprise (HIE) and South of Scotland Enterprise (SOSE) – and the Scottish National Investment Bank (SNIB). TR noted the establishment and aims of the Increasing Investment Programme, led by the Deputy First Minister, with delivery partners of Scottish Government, SNIB, SE and SFT and an ambition to bring a greater clarity of roles carried out by each organisation in achieving the Programme's aims.

The Board discussed the complex landscape and risks of overlapping roles, including the interaction of economic initiatives in Scotland with UK-wide agencies and programmes such as the National Wealth Fund.

TR advised that distinct elements of SFT's role have been identified and the Board discussed the ongoing challenge of clearly articulating SFT's role to stakeholders and the market. The Board agreed the importance of being able to describe, and effectively communicate, the Company's role and its contribution to collaborations and shared achievements.

7 Strategic Opportunities - Review

PR recalled the Board discussion in January 2025 on transformational infrastructure ideas falling into three broad groupings: enhancement of aspects of the Company's current activities; change to the organisational landscape; and transition of the Company to address specific elements of infrastructure activity. He noted that it was agreed that these should be reviewed periodically to maintain a strategic overview of the infrastructure landscape and identify any new opportunities.

PR described progress in the areas that had been identified for potential enhancement of activities, noting greater focus of the Company's activities in areas such as reviewing the potential for future resource funded investment in local health care, PPP hand-back leadership, and leading the development of the long-term needs assessment.

The Board noted the recent publication of the Scottish Government Public Service Reform Strategy highlighting the need for efficiencies and acknowledged and discussed the potential for changes in the organisational landscape to help achieve savings. The Board reviewed the areas discussed previously where leadership and ownership of the activity could lead to a transformation of the organisation, noting that none are live at present. PR advised that a new Heat in Buildings Bill has been announced which will aim to bring a fresh impetus to activities without new organisational arrangements.

PR advised the Board that the Company's sponsor division, Infrastructure Division, had recently put forward proposals for the restructuring of the Company's funding. He advised that Infrastructure Division's proposal is to consolidate all or some of the Company's current programme funding into core. He advised that the Leadership Team is

evaluating these options as well as the option to remain with the current funding structure and noted that Infrastructure Division are seeking agreement on this prior to September 2025. PR advised that given the timescale for agreement, a paper outlining the risks and opportunities associated with each option and the recommended approach will be circulated to the Board for consideration in the coming weeks.

DECISION

8 Group Audit Committee

AB reported on the meeting of the Group Audit Committee that had taken place prior to the Board meeting, highlighting the following:

- Internal Auditors, RSM, had attended the meeting and confirmed their annual audit opinion as being the highest rating available. They had highlighted that the Company has actioned all recommendations arising from the audits promptly.
- The Committee had reviewed and agreed the key accounting judgments for the SFT Investments Ltd annual accounts, noting that they remained subject to external audit.
- The Committee had reviewed the proposed timetable for the approval of the SFT Investments and SFT accounts. The Committee noted and agreed the proposal that the draft SFT accounts be reviewed by the full Board at its meeting in September and delegated authority be sought from the SFT Board for the Board Chair and Group Audit Committee Chair to sign off the accounts on the Board's behalf in October with the caveat that should there be any significant change the accounts would be brought to the full Board in November.

The Board further noted the report on the proposed restructuring of the Group Audit Committee. AB confirmed that it is proposed to reduce the membership of the Committee to three non-executive directors, with the quorum of two remaining. He advised that the scheduling of meetings will be reviewed with hybrid arrangements being considered for two out of the three annually scheduled meetings. He noted that while the Committee currently reviews the Company's corporate risk register at each meeting, risk management is reserved to the Board and highlighted the recommendation that the Board consider risk at least twice in its annual meeting cycle which was agreed. He also highlighted the commitment to provide appropriate training and development for Committee members. AB asked that non-executive directors contact him following the meeting to register interest in membership of the Committee. He confirmed that it is intended to have the new membership in place for the Committee's next meeting in August 2025.

*Risk management to be included in annual SFT Board meeting agenda cycle.
Non-executive directors to advise AB of interest in membership of the Group Audit Committee.*

MONITORING

9 Health & Safety – annual review

The Board noted the Health and Safety report providing an update on Health and Safety management and monitoring over the past year.

PR advised that as Director responsible for Health and Safety, he is satisfied that adequate measures are in place for safe and healthy working in and outside the SFT office environment and there is compliance with requisite legislation. He described the remit and composition of the Committee which oversees Health and Safety within the Company.

The Board noted that there had been one incident reported during the year which had been reported to RIDDOR as required. No near misses were reported in the year. PR confirmed that SFT staff attend construction sites only as visitors and are under the health and safety direction of site management.

The Board noted and discussed the mental health and wellbeing related absences. PR advised that the absences comprise extended absences of a small number of staff and confirmed that these absences are monitored for any increase or emerging trends.

10 Work stream activity report

The Board noted the report setting out progress against Business Plan 2025-26 activities as at the end of May 2025. PR confirmed that after the first month of activity all 49 business plan activities are rated 'green'. He highlighted early milestones achieved including: the Scotrail satellite connectivity trial going live; mobile coverage equipment testing underway using council bin lorries; and progress with Fife Council on targeted support for Kirkcaldy Town Centre including potential funding from the Council.

PR outlined risks emerging in relation to the achievement of some targeted milestones. He noted the announcement by Scottish Government in April that it intends to bring forward a revised Heat in Buildings Bill which will require the re-scoping of some activities to be undertaken by the Net Zero Buildings workstream in the year.

The Board further noted the summary of the chief executive's stakeholder engagements since the last Board meeting including the six-month review meeting held with the Board chair and Director General Scottish Exchequer.

11 Finance Report

The Board noted the finance report for the two months ended 31 May 2025 providing details of actual and forecast performance against budget to date and draft annual budget. CW advised that as programme funding for housing and hydrogen have not yet been confirmed the annual budget remains in draft. She advised that it is intended to finalise the budget following confirmation of the housing budget which is expected before the end of June. The Board was advised that should programme funding for hydrogen/energy transition not be confirmed, planned expenditure in this area would be reviewed and some advisory budget could be reallocated as necessary.

CW confirmed that the year to date position is a £57k underspend which is due to timing differences on some expenditure items.

12 Corporate Services Report

The Board noted the corporate services report covering human resources, communications, information technology, legal and procurement and funding activities in the recent period together with the 2024/25 gender pay gap report for the Company and gender representation report for the Board.

CW highlighted that Scottish Government's Board gender representation objective of 50% non executive members who are female is not currently being met. CW advised that although not obliged to report on the Company's gender pay gap under the Equality Act, SFT continues to track and analyse gender pay gap information for the organisation. She confirmed that the analysis for 2024-25 shows a narrowing of the median gap but little change to the mean. The Board noted that the gender pay gap differs from an equal pay gap, the latter being the failure to pay men and woman the same amount for the same or similar work. CW confirmed that equal pay is actively managed across the organisation.

13 Outcomes – interim progress report

The Board noted the interim progress report providing an update on work completed to date along with key activities to be undertaken in the coming months in respect of the 2024/25 SFT Outcomes reporting and noted that all work is being progressed in line with the timetable. The Board further noted the progress on the development of the Impact Framework against which progress will be reported under the new Corporate Plan from 2025/26 onwards. The Board was advised that a shadowing exercise, based on the current outcomes data is being undertaken to test the new Impacts approach and PR confirmed that this will be brought to a future Board meeting for review and discussion.

Shadow Impacts report to be brought to future meeting for discussion.

It was noted that the Board currently delegates the review of the methodology to demonstrate the impact of SFT's work to the Group Audit Committee and agreed that a review of roles should be undertaken with the introduction of the new Impacts approach.

Review of Board and Committee roles in monitoring Impacts reporting to be undertaken with the introduction of the new Framework.

14 AOB

PR outlined the proposal that non-executive directors should complete a number of relevant training modules as undertaken by SFT staff on an annual, mandatory basis. The Board noted and agreed the proposal.

PR provided a brief update on the recent press release relating to pro bono work being undertaken by hub West which had been circulated to non-executive directors. It was agreed that in future a note on context should accompany any negative press releases.

The meeting ended at 5pm.