

MINUTE

Meeting of: Scottish Futures Trust Limited - Board

Date & Time: Monday 17 March 2025
Scheduled: 2pm to 5pm
Actual: 1.30pm to 3.45pm

Place: The Roseate, 4 Wester Coates, Edinburgh, EH12 5JQ

Present: Joseph Philipsz (JP) (Chair)
Nick Rowan (NR)
Graham Watson (GW)
Peter Reekie (PR)

Apologies: Stella Matko (SM)
Pauline Mills (PM)
Stephen Slessor (SS)

In attendance: Liz Petrie (LP) (minutes)
Tony Rose (TR) (part meeting for Agenda Item 6, taken first in the meeting)
Caroline Whyteside (CW)

FORMALITIES

1 Apologies & agenda

Apologies were noted from SM, PM and SS.

Item 6 was taken first on the agenda.

DISCUSSION

6 Business Area Strategy

TR joined the meeting for this item.

TR led discussion on the Company's work to date and future strategy in the area of Asset Strategies. He outlined the ambition to develop a consistent and standardised approach to the development of Asset Strategies across the public sector estate to provide a long term view of asset requirements informed by future service needs. He described the need to address the maintenance of the current estate and to support the Scottish Government's Single Scottish Estate Programme.

The Board recognised and discussed the scale and complexity of the work required and TR described the programme approach and timescales being proposed to facilitate this work. The Board noted that additional core budget received for the coming year will be allocated to support this work with Scottish Government's Infrastructure Division.

Discussion took place on the challenges and opportunities presented by this programme of work including the need to look at future suitability as well as condition of the estate, to

build in climate-change considerations and to understand future service strategy to inform asset strategies.

FORMALITIES

2 Declaration of Directors' Interests

No new interests were declared nor highlighted in relation to the agenda.

3 Minute of Previous Meeting

The minutes of the meeting of the Board of Directors of 27 January 2025 were noted and approved as a correct record.

4 Action Tracker

Completed actions were noted together with timescales for ongoing actions.

DISCUSSION

7 Business context

PR recalled that at the last meeting the Board had discussed a number of transformative activities which had been considered during the corporate planning process falling into three broad groupings: enhancement of aspects of the Company's current activities; changes to the organisational landscape; and transition of the Company to address specific elements of infrastructure activity. PR highlighted areas of enhanced activity in the coming year with additional core funding being allocated to investment activity and operational PPP leadership. He advised that work is also to be taken forward on the development a new social infrastructure delivery model.

The Board acknowledged that Ministers are not currently considering any major changes in the organisational landscape. The Board recognised and discussed the interface of the Company's role as a infrastructure centre of expertise with that of other bodies such as the Scottish National Investment Bank and Scottish Enterprise.

[REDACTED]

PR highlighted the extensive recruitment work currently being undertaken for around 20% of the current staff complement. He advised that vacancies have arisen for a range of reasons: the delay in recruitment to vacancies to deliver in-year savings required by Scottish Government; recruitment for areas of activity where the additional core funding granted for 2025-26 is being allocated; and replacing a number of recent leavers. PR confirmed that robust exit interviews are undertaken and that reasons for leaving are varied. The Board discussed the challenge of maintaining the Company's culture through the period of significant staff change. PR advised that the Company has rolled out training on managing hybrid teams to all line managers which will strengthen skills to support onboarding new staff.

DECISION

8 Corporate Plan 2025-30

The Board noted the draft Corporate Plan 2025-30. PR confirmed that the Plan had been reviewed to incorporate directors' comments following the last Board meeting in January and asked for any additional comments on either the text, as included in the Board pack, or on the publication design following the circulation of the designed version the previous week. NR commented on the frequency that Community Wealth Building is being raised in discussions and suggested that this could be referenced in the Plan. It was agreed that directors should provide any comments to PR by the end of the current week. JP undertook to contact absent directors to seek their views within this timescale.

Directors to provide final comments on text and design of Plan by 21 March 2025.

JP to contact absent directors to seek their views on the Corporate Plan by 21 March 2025.

Subject to any final comments, the Board approved the Corporate Plan 2025-30 for submission to the Cabinet Secretary for approval and subsequent adoption.

9 Business Plan 2025-26

The Board noted the report providing an update on budget assumptions, including programme funding and a proposed pay award for 2025-26, together with the draft Business Plan 2025-26.

The Board noted that not all programme funding has been finally agreed. PR outlined the potential to manage any shortfall in final funding through reducing the advisory budget and the potential to curtail some planned recruitment.

The Board discussed the draft Business Plan 2025-26. PR highlighted the Plan's alignment with Scottish Government's current priorities and its focus on the four areas of strategy, investment, delivery and management, reflecting the structure of the new Corporate Plan. The Board noted the activities for each workstream listed in the annex to the Plan and PR confirmed that a report outlining the milestones to be tracked against each activity will be brought to the Board in May 2025.

The Board agreed that any further comments on the draft Plan should be provided to PR by the end of the current week and, subject to these comments, approved the Business Plan 2025-26. JP undertook to contact absent directors to seek their views within this timescale. The Board further requested that a copy of the designed Plan be provided prior to its publication.

Directors to provide final comments on the draft Business Plan 2025-26 by 21 March 2025.

JP to contact absent directors to seek their views on the Business Plan by 21 March 2025.

PR to circulate copy of designed Plan prior to publication.

10 Annual Reward Review

The Board noted the report and recommendations on the annual reward review. The Board noted the analysis of salary and recruitment trends in both the public and private

sectors and discussed the significance of non-salary reward elements, including their impact on current recruitment. The Board noted that SFT pension allowance and car allowances benchmark above comparators but the Company does not offer bonus or healthcare benefits which are often offered by comparator organisations.

The Board approved the proposed general 3% pay award and further approved the recommended budgetary allowance for any salary amendments and promotions during the year.

The Board noted the salary ranges incorporating the uplift as agreed by correspondence following the January Board meeting.

The Board further noted and agreed the budget for an increment to be awarded to employees whose performance is rated 'above expectations' in the year. The Board discussed the importance of robust performance management, including the ability to reward high performance and manage poor performance.

The Board agreed that there should be no change to car allowance or mileage rates.

The Board further noted the proposal that non-executive pay rates be raised in line with Scottish Government pay strategy. The Board was advised that the approach to, and implementation of, any review of non-executive pay rates are subject to Scottish Government Sponsor Team agreement and approval.

MONITORING

11 Board Effectiveness

The Board noted the report on board effectiveness including a summary of progress against the activities and approaches undertaken through the year to address previous recommendations.

JP confirmed that following the recent completion by directors of a short Board appraisal form he intends to set up meetings with individual Board members in the coming period to appraise progress and identify areas for potential further enhancement.

JP to meet with individual directors in coming period. LP to assist in setting up meetings.

JP provided an update on the recruitment of two new Board directors, including a new Group Audit Committee chair. JP thanked GW for his chairmanship of the Audit Committee and GW confirmed that he would be happy to brief the incoming chair when appointed.

12 Workstream Activity Report

The Board noted the workstream activity report reflecting progress against Business Plan activities as at the end of February 2025. The Board noted the movement in RAG status since end December 2024 as reported at the last Board meeting. It was noted that one activity remains 'red'. PR highlighted that 37 of the 47 activities are now rated 'green' and described some key milestones achieved in the recent period [REDACTED]

[REDACTED]

The Board further noted PR's stakeholder engagements in the recent period. PR highlighted his engagement with Ministers including chairing a workshop session at a Ministerial Public Service Reform workshop, stemming principally from his continued role as chair of the Non Departmental Public Bodies Forum.

The Board acknowledged the breadth of activity undertaken by the Company across its fifteen workstreams. The Board agreed that in advance of the publication of the Corporate Plan it would be useful to have a standard communication for directors and executives to use in stakeholder discussions. The Board asked that PR draft a communications summary to help achieve consistent messaging with stakeholders on the Corporate Plan.

PR to draft communications summary for stakeholder engagements on the Corporate Plan.

The Board further discussed the quantity and range of workstream activities reported on to the Board. The Board acknowledged that against each activity the Leadership Team monitors and tracks a number of milestones. The Board agreed that it would be useful to have a 'deep dive' into a single activity to illustrate how milestones are set, managed and tracked through the year.

'Deep dive' report on setting, managing and tracking milestones within an activity to be brought to the Board in May.

13 Finance Report

The Board noted the finance report for the ten months ended 31 January 2025 with an update forecast as at 4 March 2025. CW highlighted that agreement had been reached in February with Scottish Government not to draw down £112k of digital programme funding leading to a further under recovery of income in addition to £535k under recovery of income relating to Scottish Government spending controls.

CW confirmed that grant conditions continue to be monitored and met as laid out in Section 5 of the report.

14 Corporate Services Report

The Board noted the corporate services report covering human resources, communication, information technology, and legal and procurement activities in the recent period.

CW highlighted the results of a recent phishing campaign to test staff awareness and confirmed that further training and phishing campaigns will be carried out through the year.

CW further highlighted the notice of an OJEU-level regulated procurement for the provision of wireless and mobile technical advisory services for work on the Digital Connectivity workstream.

15 AOB

PR advised that the Scottish Hospitals Inquiry had published interim findings on the Edinburgh hospital with SFT's role and position well reflected in the report.

The Board noted that this would be GW's last meeting and JP thanked GW for his significant contribution to the work of the Board and leadership of the Audit Committee over the last 8 years.

The meeting ended at 3.45pm