

MINUTE

Meeting of:	Scottish Futures Trust Limited - Board
Date & Time:	Monday 17 November 2025 Scheduled: 2pm to 5pm Actual: 2pm to 4.50pm
Place:	Shared boardroom, Thistle House, 91 Haymarket Terrace, Edinburgh/MS Teams
Present:	Joseph Philipsz (JP) (Chair) Nick Rowan (NR) Stella Matko (SM) Stephen Slessor (SS) Pauline Mills (PM) Alistair Brown (AB) Mark Dickson (MD) Peter Reekie (PR)
Apologies:	None
In attendance:	Liz Petrie (LP) (minutes) Caroline Whyteside (CW) Joanne Brown (JB), Grant Thornton (part meeting - Item 5) Tony Rose (TR) (part meeting - Item 6 and Items 12 to 15) Colin Proctor (CP) (part meeting - Item 6 and Items 12 to 15) Kerry Alexander (KA) (part meeting -Items 12 to 15)

FORMALITIES

1 Agenda and Apologies

There were no apologies.

2 Declaration of Directors' Interests

JP advised that he was taking on a new interest in a European-based investment fund and would send details for inclusion in the Board Register of Interests. No other new interests were declared.

3 Minute of Previous Meeting

The minutes of the meeting of the Board of Directors of 8 September 2025 were noted and approved as a correct record.

4 Action Tracker

Completed actions were noted together with timescales for ongoing actions.

PR advised that the Company has now launched its private AI Assistant along with a new AI policy and guidance for staff.

CW described the research carried out into the adoption of ISO270001 for cybersecurity which had concluded that the financial costs and resource required would be significant and not considered viable for an organisation of SFT's size. The Board discussed cyber security risk and noted and discussed the mitigations and certifications currently in place. The Board requested that a paper be prepared outlining: current cyber security arrangements and identifying any gaps; current business continuity arrangements in the event of a cyber security incident including the prioritisation of recovery of systems; and benchmarking of cyber security arrangements/certifications with similar organisations.

Paper on cyber security and business continuity arrangements to be brought to future meeting for review.

DECISION

5 Annual Accounts

JB joined the meeting for this item.

The Board noted the introductory paper recalling that pending resolution of a number of audit matters including the accounting treatment of long-standing Tranche 1 and Tranche 2 funding received from Scottish Government and passed to SFTi for investment in hub DBFM projects, the Group Audit Committee had not recommended approval of the SFT Annual Report and Financial Statements to the Board. The Board was advised that these matters have now been resolved with minor changes made to the accounts and disclosures. It was noted that these have been discussed with the Chair of the Group Audit Committee and circulated to its members and the Committee is now content to recommend approval of the Annual Report and Financial Statements.

The Board noted the Annual Auditors Report and JB confirmed that following the significant work carried out by the SFT finance team, only one adjustment has been made within the group balance sheet and other amendments are to disclosures only. She confirmed that an unmodified audit opinion will be given following Board approval of the Accounts and Letter of Representation.

The Board noted the Company's Annual Accounts and Financial Statements together with the summary of the changes which had been reviewed by the Group Audit Committee. The Board confirmed satisfaction that disclosure requirements had been met and there were no subsequent, post balance sheet events that required to be disclosed and JB noted that email confirmation of this would be sought from the Executive.

The Board approved the Annual Report and Accounts 2024-25 and authorised their signature by JP and PR.

The Board noted the Letter of Representation with management comments and changes highlighted since its review by the Group Audit Committee in August. The Board approved the Letter of Representation and authorised PR to sign on its behalf.

6 Impacts Framework

TR and CP joined the meeting for this item.

The Board noted the report outlining progress on the development of the Company's Impact Framework and the approach being taken to implement and embed it across the organisation. CP described the development of the Framework through the year and advised that the Framework will now be used to support business planning for 2026-27.

The Board was advised that a review of the quantitative and qualitative measures used for reporting against the last Corporate Plan outcomes had been undertaken and noted that many of the measures and indicators remain relevant. The Board noted that reporting on carbon reduction impacts is to be revised as a single carbon indicator number is no longer considered relevant for the organisation. It is intended that workstreams will develop individual measures. The Board was further advised that it is anticipated that additional indicators will be adopted as activities for the 2026-27 business plan are developed and where possible they will also be incorporated into the end of year 2025-26 reporting. The Board noted that it is no longer intended to produce a shadow report for 2024-25 as many of the indicators and metrics are unchanged.

TR outlined how reporting against the Impact Framework will differ from Outcomes reporting against the last Corporate Plan. He noted that in addition to reporting against the new suite of seven corporate outcomes the Framework will include reporting on both inputs and outputs. He further described how the Framework is to be embedded in the business planning process, with workstream leaders taking greater ownership. The Board noted the internal and external reporting and communications planned and TR confirmed that monthly workstream reports would be more explicit on inputs and outputs.

The Board discussed the challenge of balancing priorities to progress the seven outcomes, recognising the risk that some activities driving one outcome may have some negative impact on another.

7 SFT Group Board Governance

The Board noted the report reviewing its Statement of Board membership and Reserved Powers and Board Committee Terms of Reference.

PR highlighted the proposed change to the Statement of Board membership and Reserved Powers to clarify which strategic policies will be brought to the Board to note and approve on a regular basis. The Board agreed the listing within the Statement and noted that new strategic policies of company-wide or general application will continue to be brought to the Board for initial approval when introduced. The Board approved the revised Statement.

The Board further noted that following its review of Group Audit Committee membership agreed in June 2025, the Committee had reviewed its Terms of Reference in August 2025 and agreed to recommend a number of changes to the Board. The Board approved the revised Terms of Reference. The Board further noted that the Committee's role in the oversight of reporting against the new Impact Framework will be reviewed in the coming

period and any proposed changes to the Terms of Reference brought to the Board for consideration in 2026.

MONITORING

8 Workstream Activity Report

The Board noted the report setting out progress against Business Plan 2025-26 activities as at the end of October 2025.

PR note that of the 49 business plan activities, 43 continue to be rated 'green' with six currently rated 'amber'. The Board noted the reasons for the movements in ratings since its last review of the position as at end July 2025 and PR highlighted a number of milestones achieved in the period.

PR described the significant work being undertaken to draft and publish Scotland's first 30-year Infrastructure Needs Assessment and the Board noted and discussed the briefing paper on the background, structure and stakeholder engagement on the document.

PR noted the intention that the Needs Assessment be published on 13 January 2026 along with other publications including the Scottish Budget and Scottish Government's Draft Infrastructure Strategy. He confirmed that the Needs Assessment will provide guidance to Scottish Government and others for long-term infrastructure planning and investment decision-making.

The Board was advised that the Needs Assessment will be published in the Company's name and welcomed the opportunity to review and feed into the document prior to its publication whilst noting the tight timelines. PR noted that timescales have not allowed for as wide a consultation as would have been liked and the Board noted that this will be acknowledged in the publication. Given the limited consultation the Board requested that the option to publish as a consultation draft be kept open pending their review of the document. It was agreed that the main document, appendices and list of stakeholders consulted should be circulated to the Board as early as possible and Teams call(s) set up for Board feedback in addition to any written feedback.

Draft Needs Assessment to be circulated to the Board members and Teams call(s) set up for feedback.

PR provided an update on the progress of the development of the New Delivery Model for Social Infrastructure. He advised the Initial Proposal is to be taken to the joint SFT/Scottish Government Steering Group in December 2025 for agreement to allow the development of a Final Proposal to commence in early 2026. The Board acknowledged and discussed the importance of this work for the organisation. The Board requested that a report on the Initial Proposal be brought to the next meeting in January 2026.

New Delivery Model Initial Proposal to be brought to the Board in January 2026.

The Board further discussed the possible future use by UK and Scottish Governments of Public Private Partnerships for delivering infrastructure.

9 Finance Report

The Board noted the finance report for the six months ended 30 September 2025 with an updated forecast as at 6 November 2025. CW confirmed the year to date position of a £331k underspend.

CW noted the year end forecast of over £400k in unallocated advisory and confirmed that at this point it is assumed that this will be spent. CW noted the main contributory factors to the current underspend including underspend on both allocated and unallocated advisory, receipt of additional income in-year including £62k grant income to cover increased employers' National Insurance costs, and an underspend of circa £250k on salaries due to paused recruitments. The Board was advised of current activity to identify and procure work to use the available advisory effectively to support business plan activities.

10 Corporate Services Report

The Board noted the corporate services report covering human resources, communications, information technology, office management and legal and procurement.

CW highlighted the progress on recruitments and advised the recent flexible working survey had received positive responses from staff.

The Board noted and discussed the current arrangements for the annual staff Christmas briefing and event subsidised by the Company. The Board confirmed it was content with the approach.

AB noted the annual Learning and Development budget and questioned if a higher allocation of budget would be appropriate in this area. CW confirmed that this would be considered when drawing up next year's budget.

11 Key Governance Matters

The Board noted the report on key governance matters.

The Board noted the annual update on Freedom of Information and Environmental Information (Scotland) Regulations requests which confirmed that sixteen new requests were received in the year and there had been no appeals. PR confirmed the responses are drafted and co-ordinated by the Legal and Procurement team. The Board agreed the importance of providing comprehensive responses.

The Board noted the report on procurement activity over the past year.

The Board noted the renewal of insurances, including Directors' and Officers' Liability for the current year together with associated costs.

The Board noted and endorsed the policy on gifts and hospitality, and noted the sample gifts and hospitality register for the recent quarter, July to September 2025.

DISCUSSION

TR, KA and CP joined the meeting for the discussion section of the agenda.

12 SFT Medium Term Financial Strategy

The Board noted the report setting out the Company's Medium Term Financial Strategy, including forecast modelling for the five-year period to 2030-31. CW outlined the content of the report and invited the Board to comment.

The Board noted that indicative core funding figures received from Scottish Government for the next three years include an extremely tight settlement in 2027-28 with a 4% cash reduction.

The Board noted and discussed the two base-case five-year scenarios based on 2% and 3% annual pay awards over the period, noting the level of pay award is the most significant variable controllable by the Company. The Board agreed the principle that they would not wish pay to fall materially behind CPI, recognising the importance of pay for staff motivation.

CW confirmed that while any known reductions in programme funding have been included in the assumptions programme funding has been assumed generally to continue at the same level as 2025/26. The Board discussed and agreed the principle that any increased programme-funded activity should be matched by increased programme funding.

The Board noted the budget gap projected for 2027-28 under both scenarios and discussed the possible mitigations as set out in the report. The Board discussed the impacts of not filling current and future vacancies and the limited ability to redeploy specialist staff across the business. The Board recognised the need for strong and secure corporate systems as well as the importance of investing in learning and development for staff and agreed there is limited scope for corporate savings.

The Board further noted and discussed the possible reprofiling of the release of reserves to the Company from its subsidiary to help address budget pressures. The Board noted the impact and risks of bringing forward the release of reserves. The Board agreed the principle that reserves could be released early to retain staff through fluctuations in income.

13 SFT Risk Appetite

The Board noted the report setting out the Company's risk themes and appetites.

PR introduced the paper. He highlighted the need to maintain the capacity and space to innovate, being 'open' to taking necessary actions to ensure the Company has the capacity and capability to maximise opportunities. The Board recognised the need, as discussed earlier in the meeting, to maintain budget for training and development as Company income tightens.

PR highlighted the 'minimal or cautious' appetite for any action/inaction that would risk the ability to maintain stakeholder confidence and trust. He recognised the need to be transparent with stakeholders on the implications of budget cuts.

The Board discussed the themes and appetites and agreed that they reflect the discussions that had taken place during the meeting.

14 SFT Business Plan 2026/27: Areas of Activity

The Board noted the report on areas of activity for 2026-27 and beyond, setting out the current work streams and suggested principles for prioritisation of activity over the coming years as budgets tighten.

The Board reflected on the considerable breadth of activities over the Company's 14 work streams and the advantages and disadvantages of any streamlining of the work streams or narrowing of Company activity. The Board agreed to continue to consider this in future strategic discussions.

The Board was content with the principles for prioritisation laid out in the report for managing the organisation in the forthcoming period of budget pressure and asked to be kept updated as the approaches are implemented.

Board to be kept updated on the implementation of the prioritisation principles for managing the organisation in the forthcoming period.

15 AOB

The meeting ended at 4.50pm.