
MINUTE

Meeting of: Scottish Futures Trust Limited - Board

Date & Time: Tuesday 20 September 2022, 3pm

Place: By MS Teams

Present: Ian Russell (IR) (Chairman)
Bill Matthews (BM)
Pauline Mills (PM)
Peter Reekie (PR)

Apologies: Ann Allen (AA)
Graham Watson (GW)

In attendance: Liz Petrie (LP)
Caroline Whyteside (CW)

FORMALITIES

1 Apologies

Apologies were noted from AA and GW following the rescheduling of the meeting from 12 September 2022.

2 Declaration of Directors' interests

No new interests were declared and no interests were highlighted in relation to the meeting agenda.

3 Minute of previous meeting

The minute of the meeting of the Board of Directors of 20 June 2022 was noted and approved as a correct record.

4 Action tracker

Completed actions and timescales for ongoing actions were noted. PR advised that he had reviewed the list of actions agreed in March 2022 on board effectiveness and confirmed that the actions are being progressed. IR advised that he had spoken with both the internal and external auditors in relation to the performance of the Group Audit Committee. The discussions concluded that the Committee is fit for purpose and feedback given to GW as Committee Chair.

PR advised that the review of the Health and Safety Policy has been completed.

DISCUSSION

5 Business Context

It was noted that given the shorter time of the rescheduled meeting the discussion items will be rescheduled for future Board meetings.

6 Business Area Strategy

Discussion of the Strategy, Place and Economy business area was deferred to a future meeting.

7 Infrastructure Commission for Scotland (ICS) Recommendations – progress review

The Board noted the report reviewing progress against the ICS's recommendations drawing on the progress report published by Scottish Government and other known activities as well as highlighting SFT involvement in key activities.

PR highlighted that the Construction Accord is now agreed and will be launched by the Minister for Business, Trade, Tourism and Enterprise on 12 October 2022.

MONITORING

8 Workstream Activity Report

The Board noted the report setting out progress against business plan activities 2022/23 as at the end of July 2022, highlighting milestones achieved in the period, risks to the achievement of planned milestones and milestones which will not be achieved or have had to be changed.

The Board noted the repeated risk across workstreams of constrained resources within partner organisations and pressures on the Company's own budgets as it considers future resourcing. PR confirmed that in considering budgets and resourcing for the coming year, criteria and processes for reducing activities rather than spreading resources more thinly are currently being considered by the Executive.

PR advised that resourcing of the position of Heat in Buildings Programme Director with Scottish Government is being reconsidered and an update will be provided in the coming days.

9 Public Inquiry

Update deferred to future meeting.

10 Corporate Services Report

The Board noted the report covering human resources, communications, information technology, office management and legal. CW highlighted that a review is being carried out of exit interviews to understand motivations for leaving the company and the Board noted the activities of the newly established corporate services-based legal function.

11 Finance Report

The Board noted the finance report outlining the financial position for the four months ended 31 July 2022. It was highlighted that in-year costs for the Scottish Hospitals Public Inquiry remain uncertain.

12 Report from Chair of Group Audit Committee

In the absence of the Chair of Group Audit Committee, the Board noted the draft minute of the Group Audit Committee meeting of Monday 29 August 2022.

The Board noted the Group Audit Committee's recommendations in respect of approval of the Annual Report and Financial Statements and the Letter of Representation.

DECISION

13 Approval of Annual Report and Financial Statements

The Board noted the Annual Report and Financial Statements 2021-22 for Scottish Futures Trust Ltd and the report outlining the revisions incorporated at the recommendation of the Group Audit Committee. The Board further noted the Audit Management Report from Azets which had been reviewed by the Group Audit Committee.

The Board confirmed its continued support for SFT Investments Ltd.

The Board confirmed satisfaction that disclosure requirements had been met and there were no subsequent, post balance sheet events that require to be disclosed.

The Board approved the SFT Group Annual Report and Financial Statements 2021-22 and authorised their signature by IR and PR.

14 Letter of Representation

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

15 Outcomes Publication

The Board noted the report summarising the work completed to date on the implementation of the outcomes-based approach to demonstrating the impact of the Company's work covering both quantitative and qualitative indicators. CW advised that the structure of the online reporting platform developed for 2020-21 reporting will remain largely the same and provided a demonstration of the platform highlighting some changes to the format and graphics. CW highlighted that there now just over 100 case studies with 32 added for the 2021-22 reporting period.

The Board noted the assurance report prepared by Grant Thornton and confirmed that the outcome of the assurance process as reviewed by the Group Audit Committee meets their

requirements. The Board asked for confirmation that the assurance process and report are referenced on the outcomes website.

CW to confirm that the assurance process and report are referenced on the outcomes website.

The Board agreed the formal launch and promotion of the outcomes reporting platform as presented and was advised that it is intended to launch the updated platform in late October.

16 Thistle Street Office Lease

The Board noted the report including the business case to be submitted to Scottish Government's Property Controls recommending that the Thistle Street office lease break option is not exercised in July 2023 and for the Company to remain in Thistle Street to lease expiry.

The Board approved the business case recommendation to remain in the Thistle Street office until lease expiry in July 2025.

17 Governance

NDPB Framework Agreement

The Board noted the draft Framework Document which has now been largely agreed with Scottish Government's Infrastructure and Investment Division, subject to Director General approval in Scottish Government and Board approval in SFT. Two elements still to be agreed were highlighted, namely, inclusion of a reference to Scottish Government Pay Policy with a timeline for adoption, and the inclusion of indicative budgets in the Corporate Plan. The Board agreed the recommendation that the inclusion of high level indicative budgets within the Corporate Plan be accepted. The Board further agreed the recommendation that reference to the un-agreed item of Pay Policy should not be included but should Scottish Government not accept this position, the Board asked the executive to agree acceptable wording on Pay Policy disclosure.

The Board discussed the timing of the agreement of the Framework Document and whether or not a move to the Framework should be delayed until the next financial year. The Board noted that should adoption be delayed there would be a need to retain Azets as external auditor. CW confirmed that management accounting has already been moved to the new FReM format in anticipation of the move to the Framework Document. It was further confirmed that the process to put a statutory instrument in place to allow Audit Scotland to take on SFT's audit is in hand. The Board asked CW and PR to meet with GW as Chair of the Group Audit Committee, to provide comfort on timelines for statutory accounts preparation and audit processes.

CW and PR to meet with GW on the timelines for the move to the Framework Document.

Pay Policy

The Board noted the analysis of the impact of the Company adopting Scottish Government Pay Policy. The Board agreed that adoption of the policy would severely affect the

Company's ability to attract and retain the technical experts that the business relies on and could result in objectives not being achieved. The Board further agreed that the Pay Policy process would have a significant impact on SFT's current working practices and agreed that the Company should not adopt Pay Policy at this time.

SFT Code of Business Conduct

The Board noted the report outlining that as a Non-Departmental Public Body (NDPB), SFT is being asked to have its Code of Conduct for Directors, based on the Model Code of Conduct for NDPBs, approved by Ministers and published centrally by Scottish Government. The Board noted that rather than having a separate Code of Conduct for Directors, SFT's current Code of Business Conduct is applicable to both staff and Board directors and agreed that the Company should continue with this approach. The Board further noted and agreed the recommendation to update SFT's Code of Business Conduct to more closely reflect the provisions of the Model Code and clearly reference other relevant SFT policies and guidance with a draft to be brought to a future meeting for approval.

18 AOB

IR provided an update on the recruitment process for new Board members.