

MINUTE

Meeting of: Scottish Futures Trust Limited - Board

Date & Time: Monday 8 September 2025
Scheduled: 2pm to 5pm
Actual: 2pm to 5pm

Place: Shared boardroom, Thistle House, 91 Haymarket Terrace, Edinburgh/
MS Teams

Present: Joseph Philipsz (JP) (Chair)
Nick Rowan (NR)
Stella Matko (AM)
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) (part meeting Items 8 to 15)
Tony Rose (TR) (part meeting Item 6)
Neil Rutherford (NR) (part meeting Item 6)
Paul Devine (PD) (part meeting Item 6)

FORMALITIES

1 Agenda, Introductions and Apologies

There were no apologies. JP welcomed all to the meeting noting that it was being held on a hybrid basis with AB joining on-line.

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 23 June 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 an update on reporting against the new Impacts Framework will be brought to the Board in November.

DISCUSSION

5 Business Context

PR noted the publication at the end of June of the Scottish Government's Medium Term Financial Strategy as well as its Public Service Reform Strategy.

He outlined the conclusions of the Medium Term Financial Strategy and highlighted that demands on public spending, both resource and capital, are predicted to outstrip forecast funding over the term of the Strategy. He noted the ambitions of the Public Service Reform Strategy to address the funding challenges through a wide range of measures.

PR noted also the publication of the Fiscal Sustainability Delivery Plan which describes the actions the Scottish Government will take to deliver the fiscal strategy over the next five years and highlighted the planned managed downward trajectory for the public sector workforce of 0.5 per cent per annum on average over the next five years. PR advised that the strategy set out ways in which this could be achieved such as through service redesign, use of Artificial Intelligence, re-prioritisation, mergers, and increased shared services and the Board discussed how such measures could apply to the Company.

PR noted that the Scottish Budget is likely to be postponed from December 2025 to January 2026 and the Board discussed the uncertainty and likely constraints on future SFT budgets. PR advised that work is being undertaken on the SFT budget for 2026/27 based on a flat cash scenario, and noted the impacts of unfunded annual salary awards in recent years as well as the increase in National Insurance payments introduced in the current year. He advised that recruitments to vacant posts have been paused while this exercise is being undertaken.

PR confirmed that the Company's sponsor division is not now taking forward the proposed restructuring of the Company's funding arrangements discussed at the last Board meeting.

6 Business Area Strategy - Housing

The Board noted the briefing note providing background on the Scottish Government Housing Investment Taskforce. TR noted SFT's role as advisor to the Taskforce and the agreement for SFT to support activities arising from the Taskforce's recommendations.

PD noted the Taskforce's recommendations on land and infrastructure to improve access to strategic land through public sector land release and land assembly as well as investing in enabling infrastructure. He described the Company's past role in unlocking housing development at Winchburgh and the ongoing support being provided to develop a viable Outline Business Case to unlock development at Blindwells. The Board acknowledged and discussed the barriers to unlocking housing development at strategic sites including: the planning process; lack of supporting infrastructure and the cost of its development; land ownership; and geographic and site specific issues.

The Board noted and discussed the three activities which the Company has been asked to support. NR confirmed that work is being undertaken to review and revise the business case for affordable housing and to develop commercial models for shared ownership as well as continued activity to develop enablers for stalled sites and how to use public sector land and assets to drive activity and investment. The Board discussed the potential

for the Company to further support the recommendations of the Taskforce, whilst acknowledging the challenges including resourcing and lack of mandate.

7 Succession Planning – Leadership Team

The Board noted the report on succession planning for the Company's leadership team.

PR described the different short and longer-term succession plans for: the Chief Executive; for the leadership team members leading workstreams; and for the Director of Corporate Services and Investments.

The Board acknowledged and discussed the operational and strategic risks associated with unexpected absences within the leadership team and noted the mitigations in place.

DECISION

8 Outcomes Report 2024-25

The Board noted the report summarising the work completed on SFT outcomes reporting for the year ending March 2025 together with the quantitative reporting summary and listing of case studies comprising the qualitative reporting for 2024-25.

The Board noted that the internal auditors, RSM UK, had carried out the assurance process and had issued an opinion of 'substantial assurance'. This had been reviewed by the Group Audit Committee as recorded in the draft minute circulated.

The Board noted and agreed the proposed formal launch of the updated online outcomes reporting platform to take place later in the autumn.

The Board further noted that the new 2025-30 Impact Framework is currently undergoing final amendments and a report will be brought to the Board at its next meeting.

9 SFT Policy Reviews

Expenses Policy

The Board noted the recommended revisions to the Expenses Policy to improve clarity in particular around travel and mileage claims, and address the recommendations of the recent internal audit.

CW noted that the Policy is currently reviewed and brought to the Board for approval every three years. The Board approved the request that authority be delegated to the Chief Executive to review overnight accommodation, meal, refreshment and incidental allowances annually. The Board requested that any changes in allowances in the Policy be reported annually to the Board for noting.

Annual report on changes in allowances within Expenses Policy to be brought to the Board.

The Board approved the proposed changes to the Expenses Policy.

Procurement and Contracts Policy

The Board noted the recommended revisions to the Procurement and Contracts Policy. CW highlighted the proposed changes to the Contracts Register to include only contracts of at least £50k which is in line with regulatory requirements. She confirmed that this would reduce duplication of records.

The Board noted the inclusion of a section on confidentiality agreements to track the management of confidential information. It was requested that the wording of the new Section 23 be updated such that the Procurement & Legal team approve the terms of any confidentiality agreements in advance of signature.

Section 23 of the Policy to be revised.

The Board noted that the Policy is currently formally reviewed and brought to the Board every three years. The Board noted and agreed the proposal that the Policy should be reviewed, and any non-substantive changes approved, annually by the Company's Executive. Substantive changes would be brought to the Board for approval.

Subject to the amendment to Section 23 noted above, the Board approved the Procurement and Contracts Policy.

MONITORING

10 Workstream activity report

The Board noted the report setting out progress against Business Plan 2025-26 activities as at the end of July 2025 together with the annexes describing the structure of the hub programme and providing an update on the work being undertaken to develop a new delivery model for social infrastructure.

PR confirmed that of the 49 business plan activities 45 continue to be rated 'green'. He described milestones achieved over the summer period including the close collaboration leading to the smooth handback of NHS Highland New Craigs Hospital. He noted the Company's support to Transport Scotland to launch funds as part of the HGV market readiness fund. PR further noted the move to 'amber' of three activities in the Energy Transition workstream. He advised that it is now likely that a significantly lower level of programme budget than had been anticipated will be received for hydrogen-related work, so activity is being scaled back and no recruitment is currently planned.

The Board further noted the summary of the chief executive's stakeholder engagements over the summer period. The Board noted that the head of the Company's sponsor directorate, Director General Scottish Exchequer, is due to leave Scottish Government later in September and the successor is not yet known.

11 Finance Report

The Board noted the finance report for the four months ended 31 July 2025. The Board noted that the grant agreement has now been received from Scottish Government and noted its terms. CW confirmed that the final budget includes Housing programme funding

but no Hydrogen programme funding. CW noted that a further £75k third party income is expected from Fife Council. The Board agreed the budget.

CW confirmed that the current year to date position of a £73k underspend is due to timing differences on a number of expenditure items with the year end forecast in line with budget. CW highlighted that the budget includes five vacancies which are not currently being recruited for, pending a decision by the leadership team, as outlined by PR earlier in the meeting. CW advised that these posts equate to £174k which will either result in underspend or be released for additional advisory.

CW outlined the budget scenario planning being undertaken for 2026/27 and future years and the assumptions being tested. She highlighted the additional pressure of increased pension contributions required from 2027/28. The Board discussed the budget challenges. The Board acknowledged that staff engagement and retention are core to the operation of the Company and agreed the importance of maintaining the annual pay award.

12 Report from Chair of Group Audit Committee

The Board noted the draft minute of the meeting of the Group Audit Committee from 26 August 2025.

AB noted that the auditors, Grant Thornton, had raised an issue relating to the accounting treatment of two tranches of funding received from Scottish Government and invested in SFT Investments which is yet to be resolved. He advised that SFT has provided a robust analysis which concludes that Tranche 1 funding should be recognised as a contingent liability with additional disclosures and that no changes are required in relation to Tranche 2. As no formal response to this analysis has yet been received from Grant Thornton it was noted that the Group Audit Committee is not in a position to recommend approval of the Annual Accounts at this Board meeting as expected. It was noted that it is now proposed to bring the Accounts to the Board meeting in November for approval.

AB highlighted that the Committee had reviewed three Internal Audit reports with an opinion of 'substantial assurance' given on the Payroll and Outcomes reports and 'reasonable assurance' given in relation to Gifts, Hospitality and Expenses.

AB advised that following its restructuring the Committee had discussed its ways of working. He noted that the Committee had agreed to refresh its approach to risk, including the proposal to carry out 'deep dives' into key risks at future meetings.

13 Corporate Services Report

The Board noted the corporate services report covering human resources, communications, information technology, business support and legal and procurement. CW noted that the staff conference had taken place the previous week and had been a successful event.

CW noted that Cyber Essentials Plus is yet to be awarded and the Board questioned if other accreditation such as ISO27001 should be sought.

Consideration to be given to cyber security accreditation such as ISO27001.

CW further highlighted that the Company is to launch its own AI assistant in the coming period.

13 Schedule of future meetings

The proposed schedule of Board and Committee meetings for 2026 was noted and it was agreed that the dates should be sent to diaries to confirm them.

14 AOB

There was no AOB.

The meeting ended at 5pm.