
MINUTE

Meeting of:	Scottish Futures Trust Limited - Board
Date & Time:	Monday 2 September 2024, 3pm
Place:	Granton Station Building, 1 Granton Station Square, Granton, Edinburgh, EH5 1FU
Present:	Joe Philipasz (JP) (Chair) Bill Matthews (BM) Pauline Mills (PM) Stella Matko (SM) Nick Rowan (NR) Stephen Slessor (SS) Graham Watson (GW) Peter Reekie (PR)
Apologies:	none
In attendance:	Liz Petrie (LP) (minutes) Caroline Whyteside (CW) Kerry Alexander (KA) (part meeting) Colin Proctor (CP) (part meeting)

FORMALITIES

1 Apologies

There were no apologies.

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 24 June 2024 were noted and approved as a correct record.

There were no matters arising not dealt within the agenda.

4 Action Tracker

Completed actions were noted together with timescales for ongoing actions.

PR advised that reporting on social value outcomes is being considered within the current review of outcomes reporting for the new corporate plan.

PR confirmed that the redeployability of staff across the organisation will be included in future succession planning.

The Board was advised that funding cannot be drawn down ahead of need.

DISCUSSION

5 Business Context & Business Area Update: Infrastructure Finance and Programmes

JP advised that he had met with Alyson Stafford, Director General Scottish Exchequer in August and provided an overview of the themes discussed including the tight financial position.

PR referred to the Scottish Fiscal Commission's Fiscal Update of August 2024 on the 2024-25 and 2025-26 Scottish budget. He noted that the Company has now been formally advised of in-year spending controls being imposed by Scottish Government and confirmed that it is intended to discuss their planned implementation within the review of the Finance Report.

PR described the budget constraints faced by Scottish Government with reference to both the Scottish Fiscal Commission's update and the Office of Budget Responsibility's recent paper on public investment and potential output, which he undertook to circulate to the Board. The Board discussed both challenges and opportunities raised by the constrained public sector budgets. KA outlined a number of areas of ongoing discussions on additionality with Scottish Government including on governance and possible future use of the Mutual Investment Model and the use of guarantees to enable housing development.

The Board was advised the Scottish Government's Programme for Government is due to be published later in the week and elements relevant to the Company's work will be identified and tracked.

PR highlighted the imminent publication of the Grenfell Inquiry's final report and its importance for the construction industry, noting the Company's leading roles in the Scottish Construction Accord and Transformation Plan as well as Scotland's Construction Quality Improvement Collaborative.

MONITORING

6 Workstream Activity Report

The Board noted the workstream activity report summarising the progress made on the activities outlined in the 2024-25 Business Plan under the Company's fifteen workstreams as at end July 2024.

PR highlighted the RAG status assigned to activities, noting that 35 remain 'Green' and 11 have been revised to 'Amber', the majority of these reflecting some slower than expected progress towards identified milestones over the summer period. The Board noted that Activity 15, reported as 'Red' at the last Board meeting due to the Senior Associate Director leading the Digital Connectivity workstream taking a new leadership role

embedded in Scottish Government, has now been ceased with remaining workstream resource directed to other activities.

PR highlighted milestones achieved in the period including the completion and hand over of the Dunfermline Learning Campus and the issuing of grant letters for initiatives under the Electric Vehicle Infrastructure Fund.

KA left the meeting.

7 Public Inquiry Update

PR provided an update on the Scottish Hospitals Public Inquiry. He confirmed that the final hearings on the Edinburgh hospital had taken place in the early part of the summer and it is not yet known if interim findings will be published on the Edinburgh project pending conclusion of the Inquiry on the Glasgow project. The Board noted that a 12-week hearing has commenced on the Glasgow hospital. As the Company was not involved in the Glasgow project it was agreed that the Public Inquiry should be removed as a standard item for future Board agendas with updates brought by exception.

8 Corporate Services Report

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

CW advised that the 35 hour week was implemented from 1 August 2024 with all staff contracts revised. The Board noted there has been an increased number of flexible working requests in the recent period and acknowledged that a different set of management skills is required for a flexible and hybrid workforce.

CW highlighted the gender pay gap review, noting that there has been little change over the year.

The Board noted the recent and planned communications activities and was advised that these will be reviewed in light of the Scottish Government spending controls. PR confirmed that thought pieces are reviewed by Leadership Team members prior to publication.

The Board noted that Cyber Essentials Certification was achieved in June and re-certification for Cyber Essentials Plus is being targeted in the current month.

9 Board Succession: Director Recruitment

The Board noted and discussed the update report on the recruitment process for new non-executive directors. It was agreed that the recruitment process for two new board members should proceed and that it is essential that a qualified accountant be recruited to chair the Group Audit Committee. It was agreed that the second vacancy would only be filled if a candidate of suitable calibre and experience is identified. It was recommended that the job descriptions be reviewed in the context of the Board skills matrix.

10 Finance Report

The Board noted the report summarising the financial position for the four months to end July 2024. CW confirmed that the year to date position is an underspend.

CW and PR outlined the content of the email received on 29 August 2024 from the Company's Scottish Government sponsor team on spending controls being implemented across Scottish Government and their application, where feasible, to Public Bodies. The Board was advised that the Company has been asked to consider all expenditure in the year against the criteria of essential and unavoidable. The Board was advised of measures and guidance being developed by Leadership Team to implement controls, agreeing the need to deliver 2024/25 business plan activities. It was noted that the Scottish Government controls include a marketing expenditure freeze and how this will apply to different elements of the Company's communications plan for the year is being considered.

The Board noted that recruitment to vacant positions is also being reviewed against the criteria of delivering business plan activities. The Board acknowledged and discussed the pressure on pay settlements for the coming year and requested that the Executive keep them abreast of pay planning for 2025/26.

CW confirmed that all programme funding for the year has now been agreed as laid out in the grant letter and its annex.

11 Report from Chair of Audit Committee

The Board noted the draft minute of the meeting of the Group Audit Committee from 19 August 2024. GW advised that the Committee had reviewed the draft annual report and financial statements and subject to minor comment had been happy to recommend them for approval. GW confirmed that the Committee had in particular noted and discussed the treatment of the pension asset and going concern assessment.

DECISION

12 Approval of Annual Accounts

The Board noted the Company's Annual Accounts and Financial Statements including the highlighted changes made following comment from the Group Audit Committee. The Board further noted the external audit findings report 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.

The Board approved the Annual Report and Accounts 2023-24 and authorised their signature by JP and PR.

The Board noted the Letter of Representation which had been reviewed by the Group Audit Committee. The Board approved the Letter of Representation and authorised PR to sign on its behalf.

The Board noted the terms of the agreement on management charges between the Company and its subsidiary, SFT Investments Ltd. The Board approved the agreement for signature.

13 Outcomes Publication

CP joined the meeting.

The Board noted the report summarising the work completed on SFT outcomes reporting for the year ending March 2024.

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 discussed the headline reporting figures on outcomes demonstrating the Company's impact against each of the ten corporate plan outcomes and acknowledged the ongoing challenge of presenting meaningful headline figures.

14 Corporate Planning 2025-30

The Board noted the report providing an update on corporate planning activities since the Board meeting in June.

PR recalled that as previously agreed the Plan will be broadly based on a continuation of the Company's current form and function with activities across the areas of strategy, funding and financing, and delivery.

He described the engagement with staff on the Company's vision and values and advised that this has led to the reconsideration of 'bold' as a value. PR further noted that through the engagement 'innovation' had been highlighted as important and consideration is being given to how to clearly incorporate this as a value or within the definition statements attached the values.

PR advised also that the Company's vision is being reconsidered following feedback that elements no longer resonate with staff. The Board noted that a revised Company vision and aim are to be developed together.

CP provided an overview on the approach, timetable and emerging thoughts on the development of outcomes and measuring the impact of the Company's work over the next corporate planning period. He described the engagement with staff which has led to the proposed development of an impact framework which could include inputs and outputs as well as outcomes. CP further confirmed that it is intended that proposals on the impact framework will be brought to the Board strategy day and further recommendations on how elements are to be measured brought to the Group Audit Committee in January 2025.

PR confirmed that the Board strategy day agenda will be structured on the elements of the corporate plan and papers will be distributed a week in advance.

PR highlighted that as part of the stakeholder engagement for the corporate plan a survey has been launched covering four questions. Board members were invited to give their views on: the main infrastructure challenges for their sector/organisation; significant short, medium and longer term Scotland-wide infrastructure challenges; their organisation's/sector's infrastructure focus in the short, medium and longer term; and their view on how the challenges can be overcome.

Discussions highlighted: the ongoing move away from delivering buildings and social infrastructure to civils; the challenges of attracting capital investment to Scotland; the need to invest in skills and resources in the right areas to attract investment; affordability challenges for delivering infrastructure; the challenge of upskilling for the energy transition; and the need to improve the operation of the planning system for the provision of infrastructure to support housing development where people want to live. The Board agreed that many of the challenges presented opportunities for the organisation.

15 AOB

There was no other business.

The meeting ended at 4.45pm.