

Audit and Risk Committee
of the
Directors of The Promise Scotland (SC693269)
on Wednesday 23rd April 2025 at 13.30 to 16.00
at The Promise Scotland, South Charlotte Street, Edinburgh

Approved minutes of meeting

Attendees - Directors

Victoria Underwood (VU)	Committee Chair
Jane O'Donnell (JOD)	Director
Fiona Duncan	Director

In attendance

Asima Hussain (AH)	Finance and Central Services Delivery Manager
Fraser McKinlay (FMK)	Director and Chief Executive
Gillian Graham (GG)	EA and Governance Co-ordinator (minutes)
Morag Burnett (MB)	Head of Governance and Operations

Apologies

Anna Black (AB)	Director
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1. Welcome, apologies and purpose of meeting

Anna Black sent apologies.

The Committee Chair outlined the purpose of the meeting: to review and discuss changes to the Risk Register, to receive an update on Audit Scotland's performance audit, and to reflect on the timeline and glidepath to 2030.

2. Declarations of interests

No relevant interests were declared.

3. Minutes and Matters Arising

The minutes of meeting dated 6th November 2024 were approved at the Directors' meeting dated 18th February 2025. A minor amendment will be made to page 3 under section 5. 'Mr Griffiths wrote to HMRC last year to check if The Promise Scotland was exempt from corporation tax.' will be amended to 'Mr Griffiths wrote to HMRC last year to check if The Promise Scotland was exempt from submitting a corporation tax return.'

4. The Promise Scotland Strategic Risk Register

It was noted that, following a request made at the Directors meeting in February, the Senior Leadership Team has reassessed the scores on the Risk Register. The Chief Executive provided a summary of the updated risk assessments and outlined the key changes.

The Committee welcomed the decrease on 'F01 – Role and voices of The Promise Scotland and The Oversight Board are not sufficiently delineated or understood'. The Oversight Board website, the Parliamentary reception and launch of Report THREE, along with a stronger communications strategy have all contributed to better understanding of the role of The Oversight Board.

The disaster recovery plan has been fully implemented and has reduced 'G02 -Cyber security breach seriously impacts the operation of The Promise Scotland'. Clear priorities and programme of work published in March 2025 has also reduced 'ED02 – Value of work programmes is unclear and information about them is inaccessible'.

The Committee discussed the increase to risk 'Fin02 – Reduction in Scottish Government grant for The Promise Scotland' in the context of the budget for 2025/26. The Committee was reminded that The Promise Scotland's grant agreement with government includes an indicative three-year budget, with 2025/26 being the last year.

The following process was followed for the 2025/26 Budget, in line with the Directors of The Promise Scotland fully discharging their duties under the Companies Act:

- On 6th February 2025, the Finance Committee considered a 'flat cash' budget based on the indicative amount in the grant letter and discussions with officials, and recommended the 2025/26 Budget to the Board of Directors.
- On 18th February, the Board of Directors approved the 2025/26 Budget at their meeting, alongside the new Strategic Work Programme.
- On 25th February 2025, the Chief Executive formally submitted the 2025/26 Budget by email to the Scottish Government's Director for Children and Families.

Since then, there has been no formal response to the 2025/26 Budget submission, despite requests for confirmation. At the same time, there have been informal indications from officials that The Promise Scotland will be asked to take a budget cut.

On 14th April 2025, the First Minister asked the Chair of The Promise Scotland Board to explore a cut to the 2025/26 Budget, and the committee discussed and agreed the process to enable the Board of Directors to consider options with associated impact and risks. Whilst any cuts may be modest within the overall Scottish budget, they would have significant consequences for The Promise Scotland. Cuts would necessitate the removal of critical activities from the published Strategic Work Programme, and have consequential risks, including jeopardising momentum at a critical stage.

It was agreed to task the Chief Executive and Head of Governance with modelling scenarios, and to arrange an extraordinary Board meeting for early May to allow the Board of Directors to consider these and take a decision on whether to recommend submission to Scottish Government of a revised 2025/26 Budget.

The Committee noted that the risk rating for F04 'Independent Strategic Advisor's contract ends' remained unchanged.

In line with good governance practice and following feedback from Directors, the Committee discussed appointing a Deputy Chair. It was noted that the upcoming Board Effectiveness Review endorses this view. The Head of Governance and Operations was asked to start the nominations process, aiming to have this complete by the Directors' meeting on 27th May.

The Committee suggested that risks 'CP01 – Culture and people' and 'CP03 – Lack of wind-up strategy in the light of planned obsolescence' should be increased as the organisation moves into the glidepath to 2030. Decisions on future office facilities will be discussed in the September meeting.

The Committee confirmed they were satisfied with the identified risks and agreed that the current Risk Register is suitable to be presented to the Board of Directors at the May meeting for further discussion and sign-off.

5. Audit Scotland performance audit update

The Chief Executive provided an update on the performance audit being undertaken by Audit Scotland on behalf of the Auditor General for Scotland and the Accounts Commission. Fieldwork is ongoing, with publication currently expected in October 2025, followed by scrutiny by the Scottish Parliament's Public Audit Committee.

The Chair requested an update be prepared for the next Audit and Risk Committee meeting in October, outlining associated risks for discussion and to allocate time at the Annual Strategy Session (in May) to allow discussion.

6. Committee Timeline and Glidepath

The Chair requested that a governance timeline be developed for Autumn 2025 and Spring 2026, highlighting dates aligned with the glidepath to support forward planning.

7. Any other business

No other business raised.