



Scottish Futures Trust & Private Finance

Introduction

Scottish Futures Trust (SFT) is a government-owned company established in 2008 to improve the planning, funding, and delivery of public infrastructure across Scotland. This briefing looks at the SFT today in the context of renewed interest in private financing of public services.

Background

The SFT operates at arm's length from the Scottish Government, works in partnership with public sector bodies, and claims to drive value for money, increase efficiency, and support 'innovative' financing models for major projects. Its remit spans a wide range of sectors, including transport, education, housing, health, and digital connectivity.

The original concept for the SFT in 2007 was to serve as an alternative to the Private Finance Initiative (PFI), which had been widely used by the previous Labour/Liberal Democrat coalition government. However, once in government, the SNP discovered that their plan wasn't viable, and the SFT was created. UNISON Scotland and others were [critical](#) of the shift, with the Herald Economics Editor saying, "So what is it? A renaissance of the civic vision of 50 or 100 years ago, as Alex Salmond first had us believe? Or PFI-lite, paying private lenders their expected return."

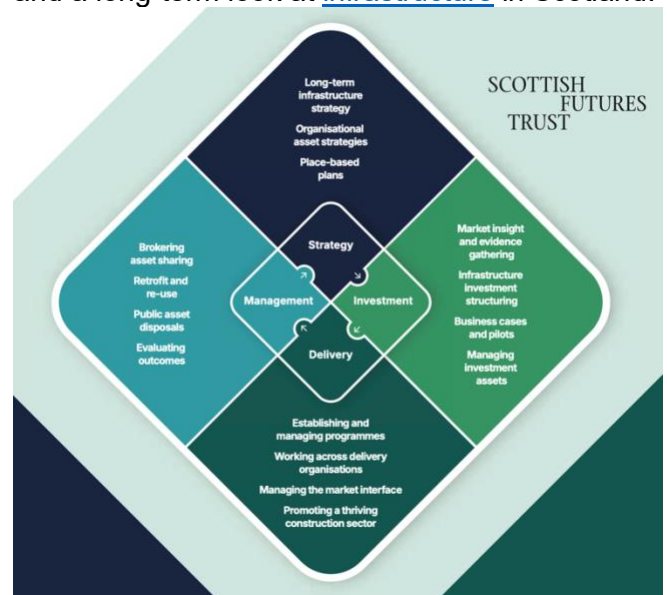
UNISON [said](#) the SFT was promoting full-blown PPP, including the hub initiative, which was based on English Local Improvement Finance Trust PPPs to build new local health centre premises and other community facilities. A critical 2017 [report](#) on the hub was prepared by Jim Cuthbert and [reported](#) in the Scottish Left Review. The Finance Secretary conceded that the Non-Profit Distributing Model (NPD) was a PPP scheme.

SFT Today

The SFT [claims](#) to have used innovative funding and financing approaches for more than £234m in public infrastructure projects in the last financial year. Investment in private infrastructure projects was valued at over £1.87bn on site. They have 15 workstreams delivering the [corporate plan](#). These include the hub programme, which uses private finance models to deliver community infrastructure projects. An Innovative Finance workstream that

seeks to mobilise private capital toward priority infrastructure. Other workstreams offer advice on infrastructure projects and manage investments.

There are numerous plans and policy documents. These include a business plan for the coming year and a long-term look at [infrastructure](#) in Scotland.



Total [expenditure](#) in 2025 was £9.4m, of which £7.5m was salary costs and £622k in external consultancy. The director (Peter Reekie) is paid £180-185k p.a., three other directors are paid £140-145k, and one other director is paid £115-120k. These salaries are [comparable](#) to those of the Director General of a large Scottish Government department. The median remuneration for SFT staff (approximately 70) is £79,656. Staff turnover was 16%.

The SFT has a board of six non-executive [directors](#) (appointed by Scottish Ministers), most of whom have private-sector infrastructure expertise. It meets six times per year. The Chair is Joe Philipsz, Chair of Atrium Infrastructure and a senior advisor for Daiwa International Capital Partners Limited. Directors are paid £8,572 per annum (for six meetings), with the Chair receiving £19,656.

The SFT is engaged in a wider range of activities than envisaged in 2008. These go well beyond simply financing infrastructure projects. There are many glossy plans, but, beyond [technical audits](#) (including criticism of loan treatment), there has been no recent significant independent evaluation of performance or spending. This is long overdue.

Private Finance

A Public-Private Partnership (PPP) is a funding model for public infrastructure projects. It is an umbrella term for schemes such as the UK's Private Finance Initiative (PFI). It encompasses schemes such as the Hub programme and the Non-Profit Distributing (NPD) model in Scotland. The Tories invented PPP, although the Blair/Brown governments massively expanded it.

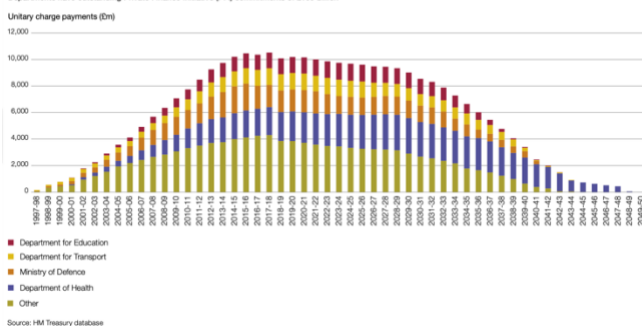
The evidence against using PPP is extensive. This [briefing](#) sets out the major problems and risks the UK has encountered through its extensive experiment with PPPs, including how they have:

- Cost the government more than if it had funded the public infrastructure by borrowing money itself
- Led to large windfall gains for the private companies involved at public expense
- Enabled tax avoidance through offshore ownership
- Led to declining service standards and staffing levels
- Hollowed out state capacity to design, build, finance and operate infrastructure
- Eroded democratic accountability

This is not just about historical costs; the price continues to be paid. PPP projects in Scotland typically run for 25-30 years, and you can view the cost for each legacy project [here](#). In the UK, over 700 projects have been built under PFI since the early 1990s, with a total value of around £60 billion. They distributed £300 million in dividends to investors, based on £1 billion in profits, between 2005 and 2022. As NIESR [points out](#), "We are spending far more in PFI repayments than the value of the assets and are locked into these contracts for decades to come. Most households wouldn't take out loans on terms like this, so why did the public sector?"

Figure 7
PFI past and forecast unitary charge payments

Departments have outstanding Private Finance Initiative (PFI) commitments of £199 billion



A [study](#) of parliamentary inquiries into PPP scandals examined a consistent pattern of wrongdoing. Over the past decade and a half, billions of taxpayers' funds have been unaccounted for. This appears to be mainly because private interests have been prioritised

over public needs. Other findings showed that companies regularly reduced service quality to maximise profits. Companies sometimes breach the terms of their public-private contracts because it's in their economic interest. This even has a name – economists call it 'efficiency breach'. As many of these contracts come to the end of their life, buildings are being [handed back](#) with huge maintenance bills.

Private Finance Revisited

Despite the evidence, vested interests are pressing the case again, hoping we have forgotten the past. Even the arguments are similar to 'the only game in town' refrain we heard in the 1990s. The Scottish finance sector is [arguing](#) that 'the rewards — for communities, growth and future public revenues — will be substantial.'

The Chancellor is [considering](#) private finance for new infrastructure projects. For example, in a shade of the Skye Bridge PFI scheme, the UK government is [proposing](#) that revenues from the existing Dartford Crossing tolls be handed to a private operator in perpetuity to provide cash flow for the Lower Thames Crossing project. Assuming a 60-year lifetime for the crossing, the UK Government is giving up more than £7 billion of revenues in today's money. Money that could be spent on other transport schemes.

Conclusion

Successive opinion polls show that the public wants essential public services to be nationalised, not handed over to private companies to make rip-off profits. The hard lessons of the past should not have to be relearned. We already know that taxpayers and consumers will pay the price of private finance.

The way forward is public investment, leveraging the government and local authorities' ability to secure low-cost financing. This includes expanding the Scottish Government's borrowing powers. International [evidence](#) shows that each 1% of GDP in public investment raises output by roughly 1.5% over a few years. The combination of higher GDP and increased tax receipts should make this policy at least neutral with respect to the debt-to-GDP ratio.

Jimmy Reid Foundation

The Jimmy Reid Foundation is a think tank which brings together different voices from across Scotland to make the case for economic, environmental, political and social equity and justice in Scotland and further afield.

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