

MINUTES OF THE SCOTTISH ENTERPRISE BOARD HELD ON FRIDAY 25 FEBRUARY 2022 by MS TEAMS

Present: Lord Smith, Chair
Adrian Gillespie Chief Executive
Willie Mackie, Deputy Chair
Karthik Subramanya
Dr Poonam Malik
Professor Dame Anne Glover
Dr Sue Paterson
Carmel Teusner
Peter McKellar

In Attendance: Jane Martin, MD Business Services and Advice
Carolyn Stewart, Chief People Officer
Douglas Colquhoun, Chief Financial Officer
Neil Francis, Interim MD, International
Linda Hanna, MD, Scottish Economic Development
Karen Hannah, Corporate Office
Irene Adams, Advisor
Colin Cook, Director of Economic Development, Scottish Government
Robbie Baillie, Scottish Government (session with Cabinet Secretary only)
Stuart Fancey, Scottish Funding Council (observer)

Apologies: Gavin Nicol

1. Meeting with the Cabinet Secretary, Ms Forbes

Kate Forbes, Cabinet Secretary for Finance and the Economy joined the meeting for a private session with the SE Board to discuss the National Strategy for Economic Transformation.

FOR DISCUSSION/APPROVALS:**2. Board Reflections**

The Board reflected on the session with Ms Forbes, which was very positive in relation to SE's role. The Board was keen that SE took the opportunity to feedback on solutions. The review which would be held over the summer to look at SE's activities in terms of value for money and future priorities would help to deploy resources to deliver on NSET and SE's 3 year-plan.

2.1 NSET/ 3 Year Plan/Staff Engagement/Updated timeline – SE(22)01

Linda Murray and Susan Moore presented this paper which set out progress made in developing SE's next 3-year corporate plan and one-year operating plan in advance of the SE Board Strategy Session on 28th March. The paper also updated Board Members on the current Scottish Government Resource Spending Review (RSR).

Through the presentation Board Members were updated on how the work SE does maps to the five broad themes of the National Strategy for Economic Transformation (NSET), highlighting where SE could take a leading role, based on its track record in these areas, and where it would be appropriate to take a supporting role. It was anticipated that SE would have a strong contribution to make to the programmes, offering up knowledge and experience of what works to help shape the delivery plans which would follow within six months of NSET publication.

Following publication of NSET, further consideration would be given to delivery of objectives at the Board Strategy Session.

As well as setting the strategic narrative for Scotland's economy, the Scottish Government had initiated a Resource Spending Review (RSR), the first in 10 years, which would set the direction of Scottish Government spending and reform for the next decade. A key component of the Review was to look at how the Scottish Government shifts resources across the eco system to deliver priorities set out in NSET. It would also consider how to drive savings and efficiencies across the system and at options for public sector reform, for example adopting a once for Scotland approach across agencies and government.

Linda highlighted the challenges in year one due to the high level of commitments in the next financial year, however, there would be more flexibility in years two and three. Therefore, a review of activities in terms of added value was critical.

SE Board Members were also asked for their views on SE's refreshed purpose and strategic themes for the 3-year plan.

A timeline was included within the paper, with anticipated publication of the 3 year-plan in June, which was later than originally planned, but which would allow for time to take into account NSET, the emerging delivery landscape and initial output of the RSR. Further ELT strategy sessions would feed into the Board Strategy Session at the end of March, including work underway by Strategic Action Teams on SE's ambitions for the next 3 years, where SE could add value and where activities should be accelerated or stopped to delivery on NSET objectives.

The Board was asked for views on the initial mapping of where SE could add value and deliver on NSET, where it could input to the RSR, and on the refreshed purpose.

Board members agreed the categories listed, however, recommended more clarity on what SE would do differently, what success would look like, and clarity of purpose, messaging and objectives. The use of specific examples was also suggested to clearly articulate how SE's transformation to customers, partners and stakeholders.

STANDING ITEMS

3. Minutes of the meeting held on 03 December 2021 – SE(M)329

The minutes of the previous meeting were approved.

4. Matters Arising – SE 327(MA)

There were no outstanding actions.

5. Board Committee Updates/Minutes

The following minutes were noted.

5.1 SE Board Urgent Approvals Meeting, 21 December 2021 – SEBUA(21)04

5.2 SE Board Urgent Approvals Meeting, 19 January 2022 – SEBUA(22)05

5.3 SE Board Approvals Committee Meeting, 28 January 2022 – SEBAPC(M)(22)01

6. Chair's Report

Lord Smith advised that this was Linda's final Board meeting. On behalf of the SE Board, he conveyed his thanks for Linda's outstanding contribution, particularly as Interim CEO at a very challenging time throughout the Covid 19 pandemic.

The Chair provided an update on the recent business session with staff, co-hosted by Poonam.

Updates were also provided on key meetings, including with Willie Watt, Chair of SNIB, a meeting with the Cabinet Secretary and Mr McKee and a meeting of the ESSB Chairs.

7. Chief Executive's Report

Adrian advised the Board that SE did not have any staff in Ukraine or Russia and there was no planned business travel to these areas. There were plans for travel to Poland in June and this would be reviewed in the coming months.

The Health & Safety team continued to monitor FCDO advice and were participating in various forums.

An alert had been received by Scottish Government's Cyber Resilience Unit on 9 Feb. SE had responded and recommendations had been implemented. A desk-based exercise had been undertaken in December and learning had been taken following the exercise.

SE was alert to the company impacts on the sanctions imposed.

Adrian advised the Board of key staff changes, confirming that Rhona Allison would take up the position of Interim MD Business Growth. Rhona had previously led SE's company activity and had previous ELT experience. Jane would take up the position of MD Innovation and Investment on 30 March.

Linda Hanna would leave the organisation at the end of March and Adrian thanked Linda for her contribution to the economy and to SE, and more personally as a colleague.

Recruitment for the Director of Corporate Affairs and Marketing went live on 14 February and the two ELT positions were progressing and expected to be advertised in early March.

SE's Scottish Offices were reopening on 28 February, with the exception of the Aberdeen Office, which would open in early April, at its new location in the Marichall College Council buildings. The majority of SDI staff would also be moving to Atrium Court, from Atlantic Quay. The new Dundee office would also be located within Michelin Park.

Updating on employee engagement, Adrian advised that the second staff survey had closed recently, with participation increasing from 69% to 78%. The overall engagement score and net promoter score had improved by 4%. The next survey would take place in April, and a fuller update on the results across the three surveys would be provided to the Board thereafter.

Adrian had hosted a further eight staff engagement sessions and staff had shown an appetite to become involved in development of SE's 3-year plan.

An update on the Business Support Partnership was provided, advising that SE had presented future plans to partner agencies, with each committing to finding a way forward.

Adrian provided an update on engagement with SNIB and a further meeting was scheduled with Willie Watt, Chair of SNIB the following week. Adrian also advised that it had been announced earlier that day that the CEO had tendered their resignation. The CFO had been appointed as Interim CEO.

Adrian updated on implications of mandatory notifications on certain investments under the National Security Investment Act.

A number of company updates were provided in relation to a potential inward investor and on Arjo Wiggins.

- Piramal, with SE R&D support of £2.4m, the company announced the £35m construction of a multipurpose state-of-the-art Antibody Drug Conjugate (ADC) manufacturing and aseptic fill-finish facility in Grangemouth with the ground-breaking ceremony taking place on 7 February with Mr McKee. 40 new jobs were being created and 179 safeguarded. The company is a keystone player in the Scottish Life Science Industry being a world leader in antibody drug conjugates (ADCs) manufacture.
- MSIP: SE had approved £1.25m to develop a Skills Academy at MSIP, scheduled to open in August. The Academy would bring skills and knowledge from Dundee & Angus College and Dundee, Abertay and St Andrews Universities together with industry to deliver new skills for new technologies.
- There had also been progress on plans for development of LOCATE at MSIP which would provide a first of kind platform level, route to market test bed for hydrogen fuel cell/battery electric drive trains. This was a partnership with Andrews University/Hydrogen Accelerator, University of Strathclyde/PNDC, Transport Scotland, and SE. A contractor had been appointed to lead the development, equipment and fit out and it was estimated it would be operational by Q1 23/24.

8. Finance Report as at end of January 2022 – SE(22)03

Alan Maitland joined the meeting to present the review of the financial results to the end of January 2022 (Period 10) and an update on the latest full year forecasts for the 2021/22 financial year.

Alan advised that there had been a number of positive agreements reached with Scottish Government during the Spring Budget Revision (SBR) discussions in December which had a material impact on the overall financial position.

Despite movements in the income and expenditure position during the month, there was no change in the overall CDel position. The agreement reached with Scottish Government during SBR discussions, whereby income generated over and above SE's expenditure requirements would be returned to SG, ensured a continued balanced plan. Based on current forecasts, £51.7m would be transferred to Scottish Government in the final quarter.

There was a minor change in the RDel position which reflected a net decrease in expenditure, which had been offset by the decision to accommodate the third phase of the Scottish Wedding Industry Fund from SE's own resources rather than being covered by a Scottish Government transfer.

Financial Transactions were balanced, and the planned £20m of income to Scottish Government would be used to pay down SE's obligation.

There remained some backloading in the Capital budget, however, teams were focused on completing delivery in the final month of the financial year. There also remained some further FT income expected from Growth Investment exits.

9. Performance Report as at end January - SE(22)04

Linda Murray presented the Performance report to end January 2022, which was the penultimate report for 2021/22. The final report scheduled for the April Board meeting would present the year-end position.

Linda reported that at the current point in the year, all published targets had been achieved, with all measure ranges exceeded. Work was underway to develop the measure ranges for the next 3 year-plan.

On the milestones, a column had been added showing current state of play and two milestones were highlighted as unlikely to be achieved.

Updates were provided via the dashboards on budget, people, National Programmes and major projects and risk.

The Board thanked Linda for the update and conveyed their congratulations on the performance measures. A question was raised on the impact on SE's pipeline for the future, and Linda advised that this analysis was part of the measures work. It was noted that for the 2022 to 2024 forecasts the pipeline indicated that delivery could exceed budget and prioritisation would be required. In relation to outcomes from the domestic and international marketing campaigns, the Board asked if this related to COP26 legacy. Carolyn advised that a recent presentation had provided statistics on the leads generated which could be shared with the Board.

FOR INFORMATION

The following information papers were noted.

10. Notification of New interest – SE(22)05

11. Economic Commentary – February 2022 – SE(22)06

12. Approvals within Delegated Authority – SE(22)07

13. Testimonials and Complaints – SE(22)08

14. Forward Events and Summary of Events in the past two months – SE(22)09