

**MINUTES OF THE SCOTTISH ENTERPRISE BOARD HELD ON FRIDAY 29 JULY 2022 by MS TEAMS**

**Present:** Willie Mackie, Deputy Chair  
Adrian Gillespie Chief Executive  
Dr Poonam Malik  
Dr Sue Paterson  
Carmel Teusner  
Peter McKellar

**In Attendance:** Jane Martin, MD, Innovation and Investment  
Carolyn Stewart, Chief People Officer  
Douglas Colquhoun, Chief Financial Officer  
Neil Francis, Interim MD, International  
Elaine Woods, Corporate Office

**FOR APPROVAL:** Lord Smith, Chair  
Gavin Nicol  
Professor Dame Anne Glover  
Karthik Subramanya  
Rhona Allison, MD, Business Growth

**1. Annual Report and Accounts 2021/22 – SE(22)30**

Willie advised that Lord Smith was unable to attend the meeting and had asked him to Chair in his absence. He also advised that he had received comments from both Lord Smith and Karthik, who was also unable to attend the meeting.

Douglas presented Scottish Enterprise's Annual Report and Accounts for the year ended 31 March 2022 for consideration and approval.

Douglas referred to the cover paper which provided an overview of the main highlights of the accounts and those areas where key management judgement had been applied.

Douglas then summarised the key aspects:

- Performance Report clearly articulates SE's purpose and drawd out areas of activity across Scotland and internationally however, the Audit & Risk Committee discussed further improving the narrative and it was agreed further detail would be added to the micro site when the Annual Report and Accounts are launched.
- Target ranges – Exceeded target ranges for all six outcomes measures. Over 700 projects contributing to these outcomes against the backdrop of the covid activity years.
- Milestones - Significant progress against 18 key milestones in the Business Plan.
- Pages 17 – 21 in the performance report highlighted other key achievements, which Board Members would be familiar with; Inward investment, Support for R&D activity, Continued Investment Assets and COP26.

- Early stage high growth potential in business and income generated from early stage investment was impressive and highlighted in the report

Douglas referenced key issues and risk noted on page 10 and the risk management on page 44. Douglas advised that the risk had now been removed from the current corporate risk register, however, it had been noted as it had applied for part of the year.

He then provided an update on the final out-turn position:

- The original budget for 2021/22 amounted to £237.120m, comprising a grant in aid provision of £228.820m and a non-cash allocation of £8.3m. During the year Scottish Government confirmed additional net transfers of budget amounting to £59.806m. Therefore, the final approved budget for 2021/22 amounted to £296.926m, comprising a grant in aid provision of £216.626m and a non-cash allocation of £80.3m.
- The annual outturn showed a net under-spend of £31.678m against the Fiscal Budget of £246.626m.
- £16.165m of the underspend relates to Financial Transactions funding. Significant capital income returns, beyond original expectations, were generated during the year. With the agreement of Scottish Government some of this income was utilised to support Scottish Enterprises planned early-stage investment activity. As a result, no new Financial Transaction funding was required and £40.374m of capital income generated from investments originally funded from Financial Transactions was repaid to Scottish Government reducing the overall Financial Transactions liability recorded on the statement of financial position.
- Property, plant, and equipment (including assets classified as held for sale) had increased by £5.8m in year to £154.7m. While the programme of planned asset sales had continued, this had been offset by upward valuation increases in the remaining land and property portfolio.
- Operating expenditure decreased overall by £164.701m from 2021 levels. The decrease primarily relates to Covid funding which amounted to £187.1m in 2021 compared with £4.8m in 2022.
- The value of Financial Assets (investments) had increased by £20.3m during the year to £482m.
- The inherent volatility in the valuation of pension schemes is reflected in the net movement in the pension scheme.
- Write-offs of circa £19m, including Burntisland Fabrications Ltd and Ferguson Marine Engineering Limited.

The Communications Team is planning the communications strategy in preparation for the public launch and laying of accounts in the Scottish Parliament to meet the commitment given to the Economy, Jobs and Fair Work Committee to lay Scottish Enterprise's Annual Report and Accounts in Parliament by 31 August 2022.

Willie thanked Douglas for the excellent summary of the Annual Report and Accounts, which followed the similar and detailed discussion at the Audit & Risk Committee meeting on Wednesday 27 July 2022.

Willie advised the Audit & Risk Committee were happy to recommend approval of the Annual Report and Accounts following a detailed discussion across a wide range of different things. Audit Scotland had been in attendance along with Thomson Cooper who had provided the external of subsidiaries. Both auditors had delivered an unqualified audit. The Audit & Risk Committee members had a private session with Audit Scotland, who confirmed their confidence in the final numbers.

The Audit & Risk Committee would like to thank Douglas, Clair Alexander, Susan Moore Maxine Nellany and Alan Browne.

The Committee members also thanked Adrian and the Executive Leadership Team for their stewardship of the business.

Board members approved the Annual Report and Accounts as presented.

Adrian thanked the Audit & Risk Committee and Board Members for their support. He also recognised the job undertaken by Douglas and the team for not only setting out the financials but for the narrative advising what the organisation had achieved in challenging times.