

**MINUTES OF THE SCOTTISH ENTERPRISE BOARD HELD ON 30 APRIL 2021 by MS TEAMS**

**Present:** Lord Smith, Chair  
Linda Hanna, Interim Chief Executive  
Willie Mackie, Deputy Chair  
Karthik Subramanya  
Dr Poonam Malik  
Professor Dame Anne Glover  
Gavin Nicol  
Dr Sue Paterson  
Carmel Teusner  
Peter McKellar

**In Attendance:** Carolyn Stewart, Chief People Officer  
Douglas Colquhoun, Chief Financial Officer  
Neil Francis, Interim MD, International  
Kerry Sharp, Interim MD, Scottish Economic Development  
Mary McAllan, Scottish Government  
Karen Hannah, Corporate Office  
Irene Adams, Advisor

**Apologies:** Jane Martin, MD Business Services and Advice

The Chair welcomed members to the meeting. There were no new conflicts of interest declared.

**STANDING ITEMS****1. Minutes of the meeting held on 26 February 2021 – SE(M)323**

The Minutes of the previous meeting were approved.

**2. Matters Arising – SE(322)MA**

The Matters Arising were reviewed and noted that all actions were underway.

**3. Board Committee Updates/Minutes****3.1 Audit & Risk Committee Meeting held on 19 April**

Willie Mackie provided an update on discussions from the Audit & Risk Committee meeting on 19 April, which focused on the review undertaken by the Growth Investments team on write-off experiences across sectors; the Audit Scotland annual plan, highlighting changes to the Annual Accounts timetable; and the Internal Audit progress report. Willie highlighted the positive reports received, particularly for Health & Safety, Key Financial Controls and Equalities, and was pleased to report the progress and improvements in the subsequent EIS audit.

Willie advised that the Audit team had been shortlisted for the Audit & Risk awards run by the Chartered Institute of Audit and congratulated the team on its nomination.

#### **4. Chairs Report**

The Chair referenced the annual review of the Registers of Interest, thanking Board members for updating their registers and reminding members to inform Corporate Office of any changes within a month.

A summary of discussion from the Enterprise & Skills Strategic Board Chairs meeting on 2 March and the Enterprise & Skills Strategic Board Strategy Day on 31 March was provided.

The Chair had joined Linda Hanna on a recent Meet the Business session which was attended by 30 members of staff based in the Paisley Office. The session had been very positive with discussions focusing on the Business Plan, Net Zero and Climate Change.

The Chair had also met with Nicolas McLean, the Scottish Government Trade Envoy to the United Emirates to discuss inward investment.

In relation to the SE CEO recruitment process, the Chair advised that interviews were underway.

#### **5. Interim CEO Report**

Linda provided an update on staff motivation and morale with the ongoing working from home, advising that there were mixed views on the move to a more flexible model. As part of the new Future Ways of Working, a review of SE's property footprint in the future was underway, including discussions with NatureScot and other organisations.

Regular meetings with staff were ongoing and were positive and Linda thanked the Board for their help on the work on the National Programmes, which provided constructive and positive challenge.

The Investors in People assessment was underway, with the last assessment in 2019 resulting in SE retaining the Gold award. The assessment will include a staff survey as well as one to one interviews with staff.

Engagement with the Trade Unions had been open and helpful and had provided feedback from staff in relation to the quality of staff experience.

Linda provided an update on colleagues in India, advising that regular check-ins on their welfare had been undertaken.

Linda provided a company update in relation to inward investment, Liberty Steel and Bifab. Lord Smith highlighted a potential conflict of interest in relation to Liberty Steel, due to the British Business Bank's involvement.

Linda provided an update on discussions from the Boeing Scotland Alliance Steering Committee, updating on projects underway and areas of co-investment and highlighting the impressive progress, particularly during Covid, and the positive feedback and recognition from Boeing on the team approach, values, flexibility and trust.

An update on SE engagement with SNIB was provided.

Alan Maitland and Linda Murray joined the meeting.

## **6. Finance Report as at end March 2021 – SE(21)19**

Douglas introduced the paper, advising that Alan would provide an update on the final position, subject to the accounts process and audit adjustments. In relation to the Annual Accounts, Douglas advised that the group accounts would be presented at the beginning of the following week and Audit Scotland would begin their audit the week after.

Alan advised that at the beginning of the financial year, SE had begun with a budget of £342m, and ended the year with £582m, with the major change being the delivery of Covid funds on behalf of the Scottish Government. Detail was provided in the paper in terms of movements.

The anticipated outturns outlined in the paper were based on best expectations in advance of conclusion of the core accounting adjustments, which had been finalised the night before. Alan detailed the final position:

Capital: underspend of £2.7m (1.4% of budget), due to an exit finalising on 31 March, which, due to the timing, did not allow for alternative use of the income.

Financial Transactions: £8.1m underspend, due to a number of deals falling away in the last couple of months.

Resource: £3.7m underspend, which was slightly higher than expected but remained a solid performance particularly given the volatility of the past year.

The Board conveyed its thanks to the staff, recognising the work done to face into what was a particularly challenging year.

Linda thanked the Board for its support and constructive challenge throughout the year.

## **7 Performance Report**

Linda Murray advised that this was the final report for the 2020/21 operating year and reflected the latest year end position. Moving into the new financial year, the report would be updated to focus on reporting against the new Business Plan, delivering against the priorities of jobs, net zero and place, as well as reporting against milestones and measures.

The summary Covid dashboard captured all activity undertaken throughout the past year, including information on the Wedding Industry Fund, which had supported 2,811 businesses with £26m of funding, with SE delivering £22m of that funding to 2,382 businesses. The Ski Industry programme was also included which had been delivered over two phases : Phase 1 - Jan to March had funded £1.26m to companies in the industry and Phase 2 in March had funded £1.9m of additional funding by 31 March.

Linda highlighted the two EU exit dashboards, one which summarised the results of work undertaken with 600 companies, mainly existing exporters, to understand the impact of Brexit on trading activities. The main challenges coming through related to higher costs, greater transportation costs and greater bureaucracy. Insight was being provided to Scottish Government colleagues to feed into discussions with UK Government. The second dashboard outlined the medium to long term shifts, moving from short term changes to importing documentation and data adequacy to the longer-term review of trade and the co-operative agreement in 2025. Some trends were showing changes in trade force and movement into non-EU markets. Content was

being migrated from the Prepare for Brexit website to Findbusinesssupport and SE's website.

In relation to performance measures provisional year-end figures were provided, subject to final checking and reporting in the Annual Accounts. Draft measures had been agreed for 2021/22.

Following discussion at the previous Board meeting in relation to jobs, some detail had been provided in the current report regarding Real Living Wage jobs, highlighting that there had been a spike in numbers in the Tourism industry due to the Hotel Support Programme which had supported 811 jobs.

Business as usual dashboards were included on People, Major Projects and Risks. Linda highlighted the updates in relation to the People dashboard on the IIP assessment and future ways of working.

Discussion focused on payment of the Real Living Wage and sustainability in particular sectors, such as Tourism. Linda Murray advised that, while the spike in Tourism had in part been due to the Hotel Support Programme, it was hoped that this would be sustainable as companies were asked to sign up to the principles of Fair Work First and a more values-led approach to economic development. Specific focus on support for the Food & Drink Industry was highlighted, working with Scotland Food & Drink, Scottish Government, public sector partners and trade bodies. The progressive journey taken over the past few years to condition support with payment of the Real Living Wage, and more widely with Fair Work First, was being rolled out more broadly.

## **For Discussion/Approval**

### **8. Board Pension Update – SE(21)21**

Alistair Gray joined the meeting to provide an update on the SE Pension Scheme.

Alistair Gray, Scheme Chair joined the meeting to provide an update on progress of SE's Pension and Life Assurance Scheme. The presentation provided an update on funding and investment performance over the past year. Alistair highlighted the meetings held with Scottish Enterprise and with key advisers to discuss the long-term objectives for the scheme and the aim to modernise the scheme in line with the needs of current and future members and other legislative factors. An update was provided on the ESG Plus strategy and Alistair thanked Poonam for her input. Elections for the Pension Trustees had taken place the previous year, with 16 nominations, and there was a diverse, experienced membership in place. The key aims and actions for the coming year were outlined, particularly, the work with SE on liability management.

The Board thanked Alistair for the update.

### **9. Scottish Enterprise 2021/22 Business Plan: Final Draft – SE(21)22**

Linda Murray presented the final draft of Scottish Enterprise's 2021/22 Business Plan for Board approval. The designed version of the plan had been shared with Board members and still required some final editing. It was proposed that any additional changes to the narrative following the SE Board meeting were agreed and approved by the interim CEO, on behalf of the SE Board.

A fully designed version, including visuals and case studies to help bring the narrative to life, was being developed in-house, and this branded version would be shared with colleagues and Board Members early in May. More detailed operating plans were being developed with staff to sit behind the Business Plan. The plan would also be shared with key partners and stakeholders, the week beginning 17<sup>th</sup> May, and published on SE.com.

Linda highlighted that this was year three of the Strategic Framework and was a critical transition point to lay the foundations for the next 3-year strategy. It was recognised that post-pandemic there was a need to deliver new and different approaches, including entrepreneurship, early stage, national programmes, and net zero, particularly with the opportunities around COP26.

Comments at the last Board meeting had been taken into consideration in relation to risk and capacity and capability planning. On the latter, work was underway on people planning and strategic resourcing with a detailed plan expected by end of May. A further comment on partnership working was raised and this was embedded throughout the document.

Risk had been factored in, in terms of delivery of the plan, identifying some reputational and operational risks. Other factors which would help shape the new 3-year plan were also being factored in, such as a new Economic Strategy, Programme for Government, Comprehensive Spending Review and the Strategic Board Strategic Plan.

Douglas advised of an adjustment to the plan in relation to the Fastball exit which concluded at the end of the calendar year. It was the understanding that SE would be allocated a shareholding in Flutter entertainment, however, the shareholding was allocated to Fastball Holdings who were holding on behalf of members. Fastball's intention was to progress with sell down of shares to return the value to members as each lockdown period ended. The first lockdown period which ended on 1<sup>st</sup> April sold 20% of shares and funding had been received. This would result in an increase in business income which was not currently reflected in the Business Plan. Douglas advised that there was a pipeline of activity which could utilise the additional income.

A further issue was highlighted in relation to expected credit losses and write offs following a change made by the UK Government, which changed the scoring of these charges from an annually managed expenditure budget to the resource budget. UK Treasury had provided Scottish Government with additional funding and SE agreed requirements in October/November each year. Scottish Government had indicated its intent to manage the costs centrally and discussions were underway to secure the appropriate level of budget cover.

Linda advised that a clean sheet risk exercise was scheduled and would include consideration of risks in relation to the plan. Initial discussions had been held with Willie Mackie. Willie proposed that the Audit & Risk Committee could assist with the consideration and mapping of the risks.

Board members provided positive comments on the design and content of the Business Plan, particularly SE's achievements over the past year, and recommended that these were captured in a short narrative with key headlines. Other recommendations included the use of case studies to bring the plan to life and more reference to COP 26 across SE's planning to engage further with businesses, innovators, collaborators and the entrepreneurial community in Scotland.

Linda would follow up with Sue Paterson regarding CO2 savings and future measures.

The Board approved delegation of approval of the final plan to the Interim CEO.

### **9.1 Development of SE's 2022-2025 Strategy – SE(21)32**

Linda presented this paper which outlined the proposed approach to developing SE's new strategy, including an overview of key dates.

Linda highlighted the new approach and timelines to developing the 3-year plan, which would ensure SE was responding to changes post-election and to optimise SE's ability to provide insights to shape the new economic strategy. The development of the plan would be both iterative and consultative and will engage SE Board members, SE's leadership team, staff and partners. There had been a very positive reaction from staff on the collaborative approach to develop the 1-year Business Plan and it was the intention to engage further with staff throughout the course of the year in development of the 3-year plan.

It was proposed that engagement and ongoing dialogue with Board Members in setting the strategic direction and emphasis for SE was iterative during 2021/22, rather than focused on a single Board Strategy Day in October.

A number of strategic dialogues would be scheduled, to take soundings and input from Board Members on specific topics which would help inform the direction.

A key element of the 3-year plan was a refresh of the performance measurement framework to capture the right measures for a values based approach, jobs, net zero, place and to reflect the shift in focus e.g. around high growth start up and entrepreneurship.

The Board welcomed the approach and encouraged a fresh approach to the performance measures, providing suggestions for more qualitative measures in relation to place, and to gauge SE's effectiveness. Carolyn asked Board members to get in touch if they wished to engage further on development of the performance measures.

### **10 Building SE Visibility, Reputation and Advocacy Through Market Engagement – SE(21)23**

John Booth joined the meeting to present the new approach to stakeholder engagement and communications to strengthen the SE brand and build collaborative delivery of positive economic actions and outcomes.

John outlined the step change in engagement with stakeholders and external communications. Engagement would be proactive, tailored to the specific audience and designed to build alignment, with ownership by leaders and supported by the Board.

The four priority areas were summarised: stakeholder engagement using the Business Plan as a platform for discussion and shaping the 3 year plan; building on social media presence and increasing advocacy; early stage, using a tailored, targeted approach with stakeholders and customers, with a strong pipeline of announcements and thought leadership pieces in development; and, increasing advocacy through staff, leaders and Board.

John sought the help of Board members, using their networks and connections as well as involvement in thought leadership and events. The paper set out engagement of Board members in meetings with stakeholders aligned with the publication of the Business Plan to highlight key messages, areas of alignment and discussion on the 3-year plan.

The Board was very supportive of the approach. Discussion focused on clear, direct and consistent messaging, with visibility of SE's brand, and the culture shift required to mobilise staff to become ambassadors.

John would follow up with Board members to discuss their role in more detail.

## **11 Scottish Enterprise Listed Shares Policy – SE(21)24**

Jan Robertson and Richard Skillen joined the meeting to seek approval for a new listed shares policy which sought to implement a managed disposal strategy in relation to existing (and new) listed shares, tying into SE's ability to utilise income in-year for appropriate capital investment projects. Approval was also sought for the current selling strategy and parameters for each stock, to be delegated to the Executive Leadership Team and for the implementation of the strategy, process, and authorisation for the sale of all listed shares to be devolved to the Director of Growth Investments, in consultation with the CFO.

Jan outlined the current status of the listed shares portfolio, outlining the previous policy to sell listed shares as soon as practical and the desire to move to a managed disposals approach, to align with income and ability to spend in-year, and reflecting the fact each share needs a different strategy, market liquidity and taking account of stock movements.

The Board was very supportive of the proposed approach and recommended that the frequency of review of investment criteria and disposal criteria was scheduled twice per year.

The proposals outlined in the paper were approved.

## **For Information**

The following information papers were noted.

**Global Capital Investment Plan: Scottish Enterprise Execution Plan – SE(21)25**  
**Health, Safety and Wellbeing Quarterly Board Report – November 2020 To February 2021 – SE(21)26**  
**Notification of New Interest – SE(21)31**  
**Economic Commentary – April 2021 – SE(21)27**  
**Approvals Within Delegated Authority – SE(21)28**  
**Testimonials & Complaints – SE(21)29**

## **Any Other Business**

There was no further business.