

**MINUTES OF THE SCOTTISH ENTERPRISE BOARD HELD IN ON 30 OCTOBER 2020 BY SKYPE**

**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  
Melfort Campbell OBE

**In Attendance:** Jane Martin, MD Business Services and Advice  
Charlie Smith, Director of SDI, Group Head of Strategy and Technology  
Carolyn Stewart, Chief People Officer  
Douglas Colquhoun, Chief Financial Officer  
Stuart Fancey, Scottish Funding Council  
Mary McAllan, Scottish Government  
Karen Hannah, Corporate Office  
Elaine Woods, Corporate Office  
Irene Adams, Advisor

**STANDING ITEMS:**

On behalf of the Board, the Chair thanked Steve Dunlop for his commitment and service as CEO. He welcomed Linda as Interim CEO.

**1. Minutes of the Board Meeting held on 28 August 2020 – SE(M)320**

The Minutes of the previous meeting were approved.

**2. Matters Arising - SE(319)(MA)**

There were no matters arising.

**3. Board Committee Updates/Minutes**

The following minutes and Annual Reports were noted by the Board. The Chair advised that a further Nominations & Governance Committee had taken place the previous day.

**3.1 SE Board Audit & Risk Committee meeting held 24 August 2020-  
SEBAC(M)(20)03**

**3.2 SE Board Nominations & Governance Committee meeting held 28 August  
2020 – SEBNGC(M)28**

**3.3 SE Board Nominations and Governance Committee Annual Report –  
SE(20)61**

**3.4 SE Board Remuneration Committee meeting held on 28 August 2020 – SEBRC(M)46**

**3.5 SE Board Remuneration Committee Annual Report – SE(20)62**

**3.6 Minutes of the Board Approval Committee meeting held on 29 September 2020 – SEBAPC(M)(20)02**

**3.7 SE Board Nominations & Governance Committee meeting held on 08 October 2020 – SEBNGC(M)39**

#### **4. Chair's Report**

Lord Smith updated on recent engagements and updated on the progression of the Board recruitment process.

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

Linda highlighted the key areas of follow up agreed at the Board Strategy session:

- Progressing discussions with Scottish Government on capital. Thanks were conveyed to Mary McAllan and the Sponsor Team for their support.
- Prioritisation, which was scheduled on the agenda

Douglas Colquhoun provided an update on the capital allocation for 2021/22 to 2025/26, indicating that the first three years' allocation was confirmed with the following two years indicative.

Over 5 years this equated to £368.7m, with a flat cash budget of £210m, including provision of additional capital budget, and reflected the strength of the pipeline shared with Scottish Government, and allocation for the Green Jobs fund. In addition, additional funds would be allocated over the following 2 years for NMIS. Douglas provided a breakdown across funds, including Low Carbon Manufacturing, Green Jobs, and Clyde Mission District Heating.

The allocation letter had covered capital allocations, and confirmation on Financial Transactions and Resource was awaited.

Linda updated the Board on recent staff engagement, and a webinar hosted with Willie Mackie had been very well received by staff. Linda was also hosting a number of Meet the Business sessions with staff across the organisation, the first of which had been held with Kilmarnock office staff, and Linda provided an overview of discussion and feedback.

An introductory meeting as Interim CEO had been held with the Cabinet Secretary, who was keen to continue to engage with the Board and Executive Leadership Team, and to have regular discussions on strategic economic opportunities.

In relation to SNIB, Linda updated on discussions with Willie Watt and Eilidh Mactaggart over recent weeks in relation to the operating model. The Board had a detailed discussion and it was agreed that the Chair would write to Benny Higgins to provide definitions of the operating model, with discussions with Scottish Government and the Cabinet Secretary scheduled thereafter.

Further to the Board approval earlier in the year, Linda updated on discussions with the inward investor on site acquisition. Discussions continued with the company on

the Heads of Terms and the team continued to engage with the company to continue negotiations. An urgent approval by the Board may be sought.

Anne Glover highlighted a potential conflict of interest and did not take part in discussions.

Linda highlighted the current situation with Bifab, advising that SE was in close discussion with Scottish Government officials and SE had an interest in the Bifab site.

## **6. Finance and Performance Report as at end of September 2020 - SE(20)63**

Alan Maitland joined the meeting to provide an update on the financial results to the end of September 2020 (Period 6) and an update on the latest full year forecasts for the 2020/21 financial year.

Alan advised that there had been a significant improvement in the previous month, highlighting the balanced position in the Capital budget, and marginal deficit in Resource, and outlined the key drivers. The headroom in the capital budget would enable acceleration of activity in the pipeline.

The key financial risks were outlined in relation to Income, however, there had been a significant increase in the position, with two SIB exists concluding in October and a further two forecasted over the coming weeks. This could lead to a further £2m which would create further headroom in the capital budget.

## **7. SE Performance Report - SE(20)64**

Linda Murray presented the Performance Report for September 2020. The report focused on Covid related activity across the business and included standard dashboards on performance. The next report would include more focus on Brexit.

Linda highlighted that due to Covid many companies had not begun to prepare for Brexit and a recent survey undertaken by Business Gateway had revealed that 30% of companies had taken little or no action to prepare for Brexit. Throughout October the number of visitors to the Prepare for Brexit website had grown week on week and activity focused on trade tariffs, the Brexit checklist and Transition Toolkit and bus readiness guidance.

A number of webinars had been held by partners, UK Government colleagues, HMRC, and the Chamber of Commerce. A recent webinar held on SE's behalf by the Institute of Exporters had over 215 attendees. Feedback from participants highlighted that companies needed more advice on customs procedures and documents, tariffs and supply chain issues. As part of a wider proactive business support, SDI was working with HMRC to contact high value traders, with PWC contacting importers. SDI would reach out to 500 companies vulnerable to EU exit throughout November.

A core script was being updated to reflect the current situation and shared with partners.

Linda outlined some of the key information contained in the Covid, Finance and Performance dashboards. The corporate risk dashboard had been refocused to provide more detail on the top five corporate risks and mitigating actions.

Risk reg – refocused dashboard on risk and focused on top 5 corporate risk and info on mitigating action to address. 17 risks on CRR overall.

The Chair thanked Alan and Linda for the high standard of the papers.

## **STRATEGIC DISCUSSION**

### **8. Post Board Strategy Discussion**

#### **8.1 Introduction**

#### **8.2 Recap – SE(20)65**

Linda Murray presented a paper which summarised the key discussion points from the 2020 SE Board Strategy Discussion and considered next steps in continuing the conversation. Linda updated that work was continuing on the Operating Plan, working with other agencies on content, common themes and sequencing of publication. The Operating Plan would also take account of the Strategic Guidance letter and early engagement with Scottish Government Sponsor Team colleagues would be made. The aim was to produce the Operating Plan early in the next financial year.

There had been discussion on engagement with staff and how the Board might be more involved, and a plan was being developed on engagement with the wider business on the key themes of the Operating Plan.

Board members encouraged continued focus on the green agenda leading to COP 26. Greater engagement with the Higher and Further Education sector was also encouraged to generate skills, knowledge and innovation. Linda Hanna outlined some of the direct work underway, as well as helping to broker connections in other areas. The announcement on the Youth Guarantee would also require consideration for SE's role to encourage and support dynamism. Willie Mackie offered his support in this area to help facilitate connections.

#### **8.3 Budgets & Prioritisation**

Derek Shaw, Allan McQuade, Mark Hallan and Jim Watson joined the meeting for this item.

Jane Martin introduced the discussion, providing an overview and seeking views from the Board on the approach and implications and approval to progress.

Derek Shaw took the Board through the prioritisation approach which focused on moving from a short-term annual approach to a longer term 4-year outlook which was reflective of overall ambitions. The approach would give clear direction on what SE will and will not be doing and bring clarity on alignment between objectives in the Strategic Framework and overall investment strategy.

The steps taken to review the existing pipeline of programmes and projects were outlined with prioritisation given to job creation and retention to build flexibility in the budget for greater investment in strategic programmes and projects in Place. There was a need to consider different options to innovative and blended funds to bring greater flexibility and additional income.

Derek detailed the budget for the next four years, highlighting the forecast vs headroom in the next 2 years. Derek also outlined some of the assumptions made and detailed the revised forecasts and capital income broken down by year.

The key impacts, risks and next steps were outlined. Approval from the Board to progress with the new model was sought.

The Board was very supportive of the longer-term approach and this was approved to proceed to the transition strategy.

Members put forward some recommendations and points for consideration, including creating band-width and building in capacity to be agile to new opportunities; to broaden the partnership landscape to unlock different sources of funding; creating an enterprise environment to support clusters and companies through the strategic programmes and place agenda; and, aligning with the Digital Infrastructure Strategy.

The Chair thanked all involved for the papers and presentations.

### **Papers for Information**

The following papers for information were noted:

9. Early Stage Response	SE(20)69
10. PERF	SE(20)68
11. Freedom of Information (FOI) Annual Report	SE(20)66
12. Annual Complaints Report 2019-20	SE(20)67
13. Global, UK and Scottish Economic Commentary	SE(20)70
14. Approvals Within Delegated Authority	SE(20)71
15. Testimonials & Complaints	SE(20)72
16. Forward Events and Summary of Events in past month	SE(20)73

### **17. Any Other Business**

**Nominations & Governance Committee approval:** Linda advised that the Nominations & Governance Committee had met the previous day and approved the appointment of Kerry Sharp as Interim MD of Scottish Economic Development.

**Michelin Scotland Innovation Park:** Linda also updated the Board that the first tenant to the Park would be announced the following week.