

**MINUTES OF THE SCOTTISH ENTERPRISE BOARD HELD IN GLASGOW ON  
26 OCTOBER 2017**

**Present:** Bob Keiller, Chairman  
Paul Lewis, Interim Chief Executive  
Carmel Teusner  
Willie Mackie  
Gavin Nicol  
Alison McGregor  
Stuart Fancey  
Melfort Campbell OBE

**In Attendance:** Adrian Gillespie, MD Operations, Company Growth, Innovation & Infrastructure  
Jane Martin, MD Customer Operations  
Iain Scott, Chief Financial Officer  
Carolyn Stewart, MD People Services  
Linda Hanna, MD Strategy and Sectors  
Karen Hannah, Corporate Support

**Apologies:** Professor Dame Anne Glover

**1 STANDING ITEMS**

**1.1 MINUTES OF THE BOARD MEETING HELD ON 01 SEPTEMBER 2017 – SE(M)301**

**1.2 MATTERS ARISING - SE(301)(MA)**

The Matters Arising were reviewed and updates provided.

**1.3 BOARD COMMITTEE UPDATES**

The following Minutes were noted.

**Minutes of the Audit Committee meeting held on the 14 September – SEAC(M)(17)03**

Willie Mackie, Audit Committee Chair, highlighted the Internal Audit report on Contract Management and advised that the Committee was satisfied with the mitigating actions being taken.

The minutes were noted.

**Audit & Risk Committee Terms of Reference – SE(17)59**

Members noted the revisions to the TORs to incorporate Risk as part of the Committee's remit. The TORs were approved.

#### **1.4 CHAIRMAN'S REPORT**

The Chairman advised that Adrian Gillespie had declared an interest in the item for discussion at 2.2 of the agenda "Itrez – Sale of inovo Building". Adrian had not had sight of the paper and would leave the meeting for the discussion.

Melfort Campbell, Stuart Fancey and Gavin Nicol also declared their interests. These were considered and it was agreed that they would remain in the meeting for the discussion.

The Cabinet Secretary, accompanied by Mary McAlan, would join the Board for dinner in the evening. Apologies had been received from Alison McGregor and Carmel Teusner.

The Strategy session would commence following the Board meeting and would be facilitated by Martin Wight.

On behalf of the Board, the Chairman congratulated Paul Lewis on his appointment as Interim Chief Executive.

#### **1.5 CHIEF EXECUTIVE'S REPORT**

Paul Lewis advised that the Health & Safety report was included as an information paper. There were no further issues to highlight.

The Board was updated on interim arrangements for key Leadership roles.

Paul provided an overview of recent announcements, including: the Launch of the Start2Scale Service in September which targets fast growth, ambitious companies who have a potential to scale to over £100m; the announcement by the First Minister to establish a Scottish National Investment Bank; and the publication of the SIB Annual Results and Risk Capital report.

The Chairman had met with Benny Higgins, Tesco Bank, who was leading on the work to prepare an implementation plan for the Scottish National Investment Bank. Paul was also a member of the Advisory Group. A clearer picture of the relationship with the work of SE and the role of SIB was anticipated by December and an update would be provided to Board members at the meeting on 8 December.

A successful programme of meetings and engagements had been undertaken by Angela Constance in September, supported by Jane Martin. The focus of the programme had been to highlight the strong cultural connection between Australia and Scotland and the Cabinet Secretary had the opportunity to meet with potential investors within the technology sector and start up community.

The Cabinet Secretary for Economy, Jobs and Fair Work had also undertaken a programme of meetings and engagements focused on trade and investment in Canada, New Jersey and New York, supported by SDI. A key highlight of the programme was the exporting of haggis to Canada for the first time in 46 years.

Douglas Colquhoun and Linda Murray joined the meeting for the following two items.

## 1.6 FINANCE & PERFORMANCE REPORT AS AT THE END OF SEPTEMBER 2017–SE(17)60

Douglas Colquhoun presented this report which provided an update on financial results for the period to the end of September 2017 (Period 6) and draft proposals for re-basing the current year Business Plan.

Expenditure to the end of September was £16m behind Business Plan profile and this was mainly attributable to Scottish Investment Bank activities. The proposed re-based expenditure plan was £304.8m and this aligned with the updated income forecast. The total income forecast was split between Capital (£132.1m) and Resource (£172.7m). The key elements for consideration in rebasing the Business Plan for 2017/18 were highlighted as well as the current financial risks.

The Board acknowledged the challenges in maintaining a balanced budget against a degree of uncertainty in relation to resources and requested communication of any key risks at an early stage. A summary of trending variances was also requested going forward.

## 1.7 PERFORMANCE REPORT FOR THE PERIOD ENDED SEPTEMBER 2017 - SE(17)61

Linda Murray presented an update on in-year performance for the first 6 months of 2017/18 and a summary of overall performance against the 3-year business plan target ranges.

Eight of the 16 target ranges had been met and all, with the exception of one, the **number of companies assisted to become new or active exporters**, were on track. Significant progress had been made against targets which had been challenging in previous years, such as inward investment planned jobs and capital expenditure. One measure, **planned additional turnover from innovation** was forecasting to fall short of the in-year target range. The 3-year target had already been met and work continued to make sure all projects were being captured in year.

Four milestones were highlighted as amber: digital transformation, Principally Women project, risk capital and data leadership. It was anticipated that these would be achieved despite some slippage.

The Board discussed alignment with partners in relation to performance measures and it was noted that work was ongoing with the agencies to develop a performance framework to achieve greater alignment. Work was also underway to review internal measures.

The Board thanked Linda for the update on progress.

## 2. FOR APPROVAL

Allan McQuade, Lindsay Methven and Garry Willamson joined the meeting for the following two items.

## **2.1 MARKET DISPOSAL OF DOVER HEIGHTS - SE(17)62**

Approval was sought for the disposal of c.9.25 hectares from a site at Dover Heights, Dunfermline extending to c.12.48Ha, for residential development, to Miller Homes Limited (MHL). Following agreed deductions for Section 75 contributions, Drainage Impact Assessment (DIA) and abnormal costs and allowances a net receipt of c. £4.808m including VAT was anticipated. The site is included in the assets of a Joint Venture (JV) with Fife Council (FC), and the net sales proceeds would be apportioned in line with the terms of the JV.

Approval was also sought for £30,000 (inc VAT) of expenditure for planning and technical consultancy fees to assess the extent of any deductions assumed by MHL for abnormal costs and site due diligence. This expenditure would be fully reimbursed to SE, on receipt of the payment from the sale of the site, and prior to the receipt being shared between SE/FC.

The Board was also asked to delegate final approval to SAG/ELT to dispose of the site, once the final net price was agreed. The receipt from the disposal of the site was anticipated in financial years 2018/2019 and 2019/2020 in two equal payments. Allan McQuade provided background to the proposal, advising that four offers had been received, with Miller Homes being the preferred bidder. The Board was assured that the calculation of net receipt was common practice for offers of this nature, for greenfield sites.

The Board thanked Allan and the team for a clear paper and the project was approved.

Having declared an interest, Adrian Gillespie left the meeting for the following discussion.

## **2.2 ITREZ – SALE OF THE INOVO BUILDING – SE(17)63**

Approval was sought for the sale of the SE owned 4,800 sq. m. industry engagement office building, inovo, to the University of Strathclyde for the Market Value of £10.5m (£12.6m inclusive of VAT) under Section 8(1) (g) of the Enterprise and New Towns (Scotland) Act 1990. As a result of a review of assets, the decision was taken to sell inovo this financial year which is one year ahead of the anticipated five-year target set in the initial approval paper (May 2010).

Allan McQuade highlighted the success of inovo which was currently at 90% occupancy, with SE being instrumental in bringing companies to the facility. The Board was assured that two independent valuations (one for SE and one for the University) had been carried out to ascertain Market Value. Allan also confirmed that SE would continue to have a role in the delivery of the expected economic outputs from the initial investment and would remain an active partner in the Innovation district.

The Board was happy to approve the sale.

### **PAPERS FOR INFORMATION**

The following information papers were noted.

- |            |   |                 |
|------------|---|-----------------|
| <b>3.1</b> | <b>Late payment and Late Payment Culture: Update</b>          | <b>SE(17)64</b> |
| <b>3.2</b> | <b>Health &amp; Safety – August and September 2017 Update</b> | <b>SE(17)65</b> |
| <b>3.3</b> | <b>Global, UK and Scottish Economic Commentary</b>            | <b>SE(17)66</b> |

- 3.4 Approvals Within Delegated Authority**
- 3.5 Testimonials & Complaints**

**SE(17)67**  
**SE(17)68**

In relation to item 3.1 the Board appreciated the work done to date but encouraged further review and proposals for a more progressive approach.

For item 3.2, the Board asked Gavin Nicol to work with ELT to obtain assurance of compliance with fire safety procedures.

#### **4. ANY OTHER BUSINESS**

There was no further business.

**Karen Hannah**  
**Corporate Support**