

**MINUTES OF THE SCOTTISH ENTERPRISE BOARD HELD IN GLASGOW ON
01 SEPTEMBER 2017**

Present: Bob Keiller, Chairman
Lena Wilson CBE, Chief Executive
Carmel Teusner
Willie Mackie
Gavin Nicol
Alison McGregor
Professor Dame Anne Glover
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
Paul Lewis, MD SDI and International Operations
Karen Hannah, Corporate Support
Jeff Casson (Observer)

1 STANDING ITEMS

1.1 MINUTES OF THE BOARD MEETING HELD ON 30 JUNE 2017 – SE(M)300

The Minutes were approved as an accurate record subject to one minor amendment.

1.2 MATTERS ARISING - SE(300)(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 26 June – SEAC(M)(17)02
Minutes of the Urgent Approval meeting held on the 10 July – SEBUA(M)(17)02
Minutes of the Urgent Approval meeting held on the 26 July – SEBUA(M)(17)03

1.4 CHAIRMAN'S REPORT

The Chairman confirmed the venue for the forthcoming Strategy Session on 26 October. The format for the session was discussed later in the agenda.

The Chairman provided an update from discussions at the Implementation Board which had met on 30 August. The key areas of focus included the draft Strategic Plan and potential Advisory Committee structures for the Strategic Board. The meeting was followed by a meeting of the Chairs and CEOs of the four agencies,

which had been a positive discussion focused on collective leadership and driving change.

1.5 CHIEF EXECUTIVE'S REPORT

Scottish Enterprise had received three awards over the summer: two Princess Royal training awards for youth development and resonant skills programmes; and the RoSPA Gold for Health and Safety was retained

The First Minister announced the new Spirit Aerosystems Airbus contract for the Prestwick site on 31 August. The project would create 100 jobs on site and see Spirit invest £18.3M in R&D and Training activities with £2.1M SE grant support.

The First Minister in her Economy speech announced an additional £45m R&D support to SE, £15m per annum for the next 3 years. Lena highlighted some of the key strands of the speech.

The Energy Jobs Taskforce would hold its final meeting on 13 September – the First Minister would attend (announcement planned over the next two days). The Chairman conveyed the thanks of the SE Board to Lena for her contribution to the Taskforce since its inception.

Good progress was being made with the expansion of SDI resource across SE's EU operations. Staff members were now in post in Düsseldorf and Copenhagen with an anticipated appointment in Stavanger shortly. It was the aim to conclude the remaining recruitment of all additional 20 positions by the end of the year.

Scotland House in London continued to operate well. During the first four months of operation, 130 Scottish companies had successfully applied for membership, generating around £50,000 in income. Phase 2 of the membership campaign would launch in September. To date, around 25 business events had been held and an events calendar for Q3 and 4 was currently being developed. Lena conveyed her thanks to Alison McGregor for her contribution and support.

Following support from Enterprise Europe Network Scotland (EES) and the account team, TC Biopharm had secured €4.2m horizon 2020 funding for the development of an innovative cell therapy for the treatment of cancer. In providing support to Scottish companies applying for EU and national funding, EES had now helped Scottish companies secure over €31.5m since October 2014, contributing over €42m to BERD.

Two approvals which had been delegated to the CEO by the SE Board were confirmed as approved following resolution of outstanding conditions.

- Aberdeen Harbour Nigg Bay Expansion project - £11,700,000 (inc. VAT) (SE Board April)
- Thales UK Ltd - £3,158,500 (SE Board June)

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

1.6 FINANCE & PERFORMANCE REPORT AS AT THE END OF JULY 2017– SE(17)43

Douglas presented this paper which provided the Board with a review of financial results for July 2017 (Period 4) and an update on the latest financial forecasts for the year. In addition, the report provided details of current planning assumptions in relation to 2018/19.

Expenditure to the end of July totalled £68.7m against the Business Plan profile (85% of profile) with an overall variance of £12m. There were five strategic priorities highlighted which were currently showing variances above £0.5m. However, these were expected to be recovered and therefore the forecasts had not been reduced at this stage. The overall income forecast had increased by £16m which mainly related to in-year budget transfers (e.g additional EU funding for specific SIB programmes, property income etc). The latest expenditure forecast represented an increase of £20.1m compared to the Business Plan.

Douglas highlighted the current and on-going challenges in relation to capital funding constraints and the strong pipeline of demand and shared the steps being taken to help address these. The Board was supportive of the actions outlined.

1.7 PERFORMANCE REPORT FOR THE PERIOD ENDED JULY 2017 - SE(17)44

Linda Murray provided an update on in-year performance for 2017/18 to end July 2017 and a summary of overall performance against the 3 year business plan target ranges.

All 3 year target ranges were expected to be achieved with the exception of one – the number of companies assisted to become new or active exporters. Three measures had met the target ranges (Number of innovation active companies, Planned additional turnover from innovation and SIB leverage). One continued to be challenging, (number of companies assisted to become new or active exporters). Through work done in the previous 2 years it was expected that companies would begin to achieve success that could be recorded against the measure and it was expected to achieve the in-year measure (17/18). However, the full 3 year business plan target would likely not be met. As highlighted to the Board at the last meeting - one other 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 was being carried out to ensure that all projects were being captured in year.

Three milestones were marked as amber, e.g. making good progress but not yet achieved (Digital Transformation Programme, Attracting International Risk Capital Investment and the Data Leadership Programme). In each case there had been slight slippage but teams were confident that milestones would be achieved.

The Board thanked Douglas Colquhoun, Linda Murray and the team for all of the work being done.

2. FOR DISCUSSION

2.1 REGIONAL PARTNERSHIPS: DEVELOPING AN OPERATING MODEL FOR SE - SE(17)45

Jane Martin presented this paper which set out how SE was proposing to embed regional economic development responsibilities more strongly within SE's operations. Providing the context for this, the Enterprise and Skills Review had set out a clear expectation on its national agencies to play a role in regional economic development and to consider the regional equity agenda within planning and decision-making structures.

At the SE Board Meeting in June, Board Members requested an opportunity to discuss the implications at an early stage and to input to work underway to address this strand of the Review.

Jane outlined the approach SE has taken over recent years to bring relevant resource and expertise into local and regional economic delivery, highlighting that the regional partnerships recommended in the Enterprise Review presented an opportunity to shift from local to regional, reflecting the emerging economic geographies coming through the City Region and Growth Deals.

Board members discussed the role of SE; the strengths and areas where SE could add the most value, e.g. national/international reach, market insights. In conclusion, the Board endorsed the resource outlined within the paper and requested further clarity on regional equity.

Board members also requested regular updates as the approach developed.

2.2 BOARD STRATEGY DAY – SE(17)58

Linda Hanna led on discussion, outlining potential areas of focus at the Board Strategy session in October.

The session would provide an opportunity to discuss the key opportunities, issues and challenges for Scotland's economy and how these relate to the themes likely to emerge in the new Strategic Plan and to consider SE's core value and contribution to delivering the Strategic Plan alongside partners.

The Board agreed the proposed areas for discussion outlined within the paper. An invitation would be extended to Nora Senior, Chair of the Strategic Board, to join the Board for the strategy session.

3. PAPERS FOR INFORMATION

The following information papers were noted.

3.1	Freedom of Information (FOI) Annual Report	SE(17)47
3.2	Complaints Annual Report 2016/17	SE(17)48
3.3	SE Procurement Team Business Update	SE(17)49
3.4	Annual Health & Safety Report	SE(17)50
3.5	Health & Safety – June and July 2017 Update	SE(17)51
3.6	Health & Safety Monitoring Arrangements for Property Portfolio	SE(17)52
3.7	Equal Opportunities – Mainstreaming Report 2017	SE(17)53

3.8	Evolving SE Approach to Inclusive Growth	SE(17)54
3.9	Global, UK and Scottish Economic Commentary	SE(17)55
3.10	Approvals Within Delegated Authority	SE(17)56
3.11	Testimonials & Complaints	SE(17)57
3.12	Forward Events and Summary of Events in past month	SE(17)46

4. ANY OTHER BUSINESS

Melfort requested further information on progress of the Sector Deals/where SE is in regard to Sector Deals. Linda Hanna agreed to include an update at the Strategy session.