

**MINUTES OF THE SCOTTISH ENTERPRISE BOARD HELD IN EDINBURGH ON  
27 APRIL 2018**

**Present:** Bob Keiller, Chairman  
Paul Lewis, Interim Chief Executive  
Carmel Teusner  
Stuart Fancey  
Willie Mackie  
Melfort Campbell OBE  
Gavin Nicol  
Professor Dame Anne Glover

**In Attendance:** Iain Scott, Chief Financial Officer  
Jane Martin, MD Customer Operations  
Carolyn Stewart, MD People Services  
Linda Hanna, MD Strategy and Sectors  
Neil Francis, Interim MD, SDI  
Rhona Allison, Director, Operations, Company Growth, Innovation & Infrastructure  
Karen Hannah, Corporate Support

**1. STANDING ITEMS**

**1.1 MINUTES OF THE BOARD MEETING HELD ON 23 FEBRUARY 2018 –  
SE(M)304**

The Minutes of the previous meeting were approved.

**1.2 MATTERS ARISING - SE(304)(MA)**

The Matters Arising were reviewed.

**1.3 Board Committee Update**

**Verbal Update – 26<sup>th</sup> April Audit & Risk Committee**

Willie Mackie provided an update on discussions from the Audit and Risk Committee meeting which had been held the previous day. The Audit Scotland Management letter was discussed at the meeting and Willie advised that no major issues had been identified. Willie provided an update on Contract Management, highlighting the improvement to processes and the significant progress made. A further audit review had confirmed that appropriate action was being taken to mitigate the risks. The Audit & Risk Committee would continue to monitor progress in this area.

**1.4 CHAIRMAN'S REPORT**

The Chairman advised that a workshop had been arranged for 6 June to bring together a cross-section of staff from SE, SDS, HIE and SFC to explore values. A paper on

collaborative working was also being developed for the Strategic Board meeting on 17 May. Linda Hanna was also working with colleagues on strategic priorities.

Board Members' registers of interest were available for members to check and sign.

The new Chief Executive, Steve Dunlop was due to start on 21 May. The Chairman, on behalf of the Board, conveyed his thanks to Paul for his work as CEO in the interim.

The Board recruitment round had seen a large volume of applications. Interviews were scheduled over the following weeks in Glasgow and Edinburgh.

## 1.5 CHIEF EXECUTIVE'S REPORT

Paul highlighted that the Business Plan had been approved by the Cabinet Secretary and would be published on 30<sup>th</sup> April. Thanks were conveyed to the team for developing the plan, particularly, Linda Murray and Susan Moore.

Board members had been alerted to the launch of Scotland Is Now, the integrated strategy and campaign to promote brand Scotland in key overseas markets. To date there had been 5.4million direct engagements across all partner channels and over 10,000 views of the video on the SDI LinkedIn channel. Paul highlighted the role of Jane Martin in helping to drive this forward.

Paul highlighted the following ministerial visits:

- The First Minister completed a six day visit to China which focused on inward investors in the energy sector and promotion of data-driven innovation, and included two innovation forums held in partnership with Scottish universities.
- Mr Brown had attended Scotland week events and Scotland is Now pre-launch activity, meeting with companies and potential inward investors.

The Board were advised of the following company updates:

- **2 Sisters Food Group** – the company had announced the decision to proceed with closure of its site at Cambuslang. The SE Account Team had met with the company's senior representative on several occasions since the announcement and meetings had taken place with Ministers and other public sector partners.
- **BiFab** had been acquired by D F Barnes, a Canadian company, the previous week. SE continued to work closely with the company.
- **BHGE (Baker Hughes a GE Oil and Gas company in Aberdeen)** ELT approved support for a significant subsea project to develop the company's Montrose operation into one of the most advanced manufacturing facilities of its type globally. The investment will include infrastructure, process R&D, product R&D and training.

Paul alerted the Board to a potential off-line Board approval in May.

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

## 1.6 FINANCE & PERFORMANCE REPORT AS AT THE END OF MARCH 2018 – SE(18)19

Douglas Colquhoun provided an update on the projected outturn position and the annual accounts process, highlighting that the final cash outturn position for 2017/18 would not be established until the consolidated group accounts had been finalised in late May. The analysis included in this paper was based on the projected outturn positions for income and expenditure, based primarily on the final set of forecasts for the financial year and adjusted for known revisions to these forecasts.

The total income was projected at £302.7m and expenditure at £289.7m which showed an underspend of £13m. The paper provided details of the key sources which contributed to this.

The Board discussed these in detail, and focused on the challenges of stimulating ambition for growth in Scottish companies. The Board highlighted the need to be connected with other organisations in this arena in order to help stimulate demand. Neil Francis highlighted the research on acquisitions and agreed to bring a paper to a future Board meeting.

Douglas highlighted the key dates in the process for approval of the annual accounts on route to publication.

## **1.7 PERFORMANCE REPORT FOR THE PERIOD ENDED MARCH 2018 – SE(18)20**

Linda Murray presented the estimated year end performance for 2017/18 and the 3-year outturn position.

The 3-year out-turn position showed a strong performance with 15 out of 16 measures achieved. In-year, all 16 were on track to be achieved, with the two measures which had previously been reported as below the bottom of the range, now above the bottom of the range.

In relation to milestones for 2017/18, 15 milestones had been achieved. In relation to the two remaining milestones – capital investment / Scotland House and SDI presence in Europe, strong headway had been made and additional resources were expected to be in place by the end of May.

The Board commented on the strong performance over the previous 3 years and to date within the current year.

## **2. BUSINESS DISCUSSION**

### **2.1 CLOSING SCOTLAND'S EXPORT PERFORMANCE GAP - SE(18)21**

Suzanne Sosna joined the meeting for this item. At February's Board Meeting, the Board requested an opportunity to have an initial structured conversation around additional approaches and ideas that could assist with closing Scotland's export performance gap.

The paper provided a summary of Scotland's trade position and performance and the key strengths and weaknesses that affect trade in Scotland, along with some of the key issues and opportunities for the future. An outline of the role of SDI in shaping Scotland's export performance was also included.

Suzanne outlined some of the work already underway and presented further options for consideration within three key areas: awareness, capability and exploitation. Members discussed the proposals in detail, particularly in relation to awareness and the proposed approach. The Board were supportive of the approach but challenged that this could be co-ordinated more widely with partners and with a nation-wide focus. Further use of peer-to-peer leadership and growth through acquisition was also encouraged. The Board was supportive of the capability proposal and encouraged that this is widened to include expert services from other partners/universities etc. Members were also encouraged by the exploitation proposals and suggested the use of university buildings around the world as well as the use of platforms.

## **2.2 SE DIGITAL TRANSFORMATION 2017 - 2020 – SE(18)22**

Glenn Exton and Freya Perez joined the meeting to present a review of delivery to date across the themes and against the milestones set out in April 2017, highlighting the challenges that had emerged and how these were being addressed. Additional detail was also provided on the roadmap for ongoing delivery during Year 2 of the programme.

Glenn highlighted the main areas of work which included customer journey design, product development and building of platforms. The Board was advised that it had been recognised that a redesign of some internal processes was required and this was underway in parallel with the digitisation work to achieve simplified processes for customers and staff. Freya gave an overview of the customer testing carried out and highlighted that SE was working towards the Government Digital Standard. Immediate next steps included refresh of online websites by the end of July.

Members discussed the progress to date, acknowledging the process simplification work being carried out and members were encouraged by the joint working with HIE, SDS and Business Gateway.

The Board agreed that 6 monthly updates on progress would be helpful and members were asked to feedback on how they would like to be further engaged.

## **3. FOR APPROVAL**

### **3.1 RE – CAPITALISATION OF SE'S EQUITY CO – INVESTMENT FUNDS - SE(18)23**

Kerry Sharp and Michelle Kinnaird joined the meeting to seek approval for expenditure of up to £75.6m, over 3 years for the continued delivery of the SE's Co-investment Funds. Cumulative approval would therefore be £385m since 2003 (including £113m of European Regional Development Fund).

The existing fund approval was in place until December 2018, however the approval limit was forecast to be fully utilised by potentially as early as July 2018, this approval was sought to respond to new investment opportunities and follow-on investment support.

The key successes of the funds were highlighted as well as the financial and economic impacts achieved.

The Board approved the expenditure sought.

### **3.2 DISPOSAL OF SITE 3 AT ELIBURN, LIVINGSTON FOR RESIDENTIAL DEVELOPMENT - SE(18)24**

Allan McQuade and Craig Millar joined the meeting to seek approval to enter into binding missives with Bellway Homes Limited (BHL) for the sale of Site 3 (16 acres/6.5 ha) at Eliburn, Livingston. The land would be developed for residential use. BHL had offered a headline price of £9.34m, which was expected to return a net receipt of between £5.00m-£6.00m (£6.00m-£7.20m including VAT). Approval was also sought for delegated authority to be given to Allan McQuade to agree the final sale price. The final price was subject to S75 and abnormal costs.

Following discussion on the abnormal costs, the disposal was approved.

### **3.3 BOARD REGISTER OF INTERESTS ANNUAL REVIEW - SE(18)25**

Board members reviewed and signed their Registers of Interest.

## **4. PAPERS FOR INFORMATION**

The following information papers were noted.

<b>4.1</b>	<b>2018/19 Business Plan</b>	<b>SE(18)26</b>
<b>4.2</b>	<b>Notification of New Interest</b>	<b>SE(18)27</b>
<b>4.3</b>	<b>Health &amp; Safety – February &amp; March 2018 Update</b>	<b>SE(18)28</b>
<b>4.4</b>	<b>Global, UK and Scottish Economic Commentary</b>	<b>SE(18)29</b>
<b>4.5</b>	<b>Approvals Within Delegated Authority</b>	<b>SE(18)30</b>
<b>4.6</b>	<b>Testimonials &amp; Complaints</b>	<b>SE(18)31</b>

## **5. ANY OTHER BUSINESS**

There was no further business.

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