

**MINUTES OF THE SCOTTISH ENTERPRISE BOARD HELD IN GLASGOW ON
29 JUNE 2018**

Present: Bob Keiller, Chairman
Steve Dunlop, CEO
Carmel Teusner
Stuart Fancey
Melfort Campbell OBE
Gavin Nicol

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

Apologies: Willie Mackie
Professor Dame Anne Glover

1. STANDING ITEMS

**1.1 MINUTES OF THE BOARD MEETING HELD ON 27 APRIL 2018 –
SE(M)305**

The Minutes of the previous meeting were approved as an accurate record.

1.2 MATTERS ARISING - SE(305)(MA)

The matters arising were noted.

1.3 Board Committee Update

The Board noted the following minutes:

Minutes of the Audit & Risk Committee held on the 26 April 2018

SE Board Audit & Risk Committee Annual Report 2017/18

Minutes of the SE Board Urgent Approval Conference call held on 24 May 2018

Minutes of the SE Board Urgent Approval Conference call held on 18 June 2018

Carmel Teusner provided a brief summary of discussions from the Audit & Risk Committee meeting in relation to contract management, simplification of products and the annual accounts. The Annual report of the Audit Committee had been endorsed and was included for the Board's information. Carmel also updated on the private discussion held with Audit Scotland.

1.4 CHAIRMAN'S REPORT

The Chairman provided an update on discussions held at the Strategic Board meeting on 19 June. The Outline Strategic Plan had been published and key areas were being explored via missions to determine the areas of focus which would make the most economic impact.

The Chairman also fed back on the Leadership, Culture and Values workshop that had taken place on 6 June. This had been a very positive initial session with the aim of developing a set of common core values for the agencies led by representatives from across each agency. A further session was being arranged and consultation and implementation plans would be developed.

A letter had been circulated to Board members regarding the new Human Rights requirements which may have an impact on SE's current processes. It was suggested that there may be private companies with existing best practice in this area.

1.5 CHIEF EXECUTIVE'S REPORT

Steve Dunlop provide an update on his recent meeting with Derek MacKay, the new Cabinet Secretary for Finance, Economy and Fair Work, and advised that he was scheduled to meet with the First Minister on 2 July.

Iain Scott provided an update on contract management.

The Board were also advised of a recently approved company exit which would not be going forward at this time. SDI continued to engage with the company.

The funding agreement and site selection for the Medicines Manufacturing Innovation Centre (MMIC) had been announced. Work was underway by SE to collaborate with the two shortlisted sites that were unsuccessful to develop an appropriate outreach programme for MMIC.

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

1.6 FINANCE & PERFORMANCE REPORT AS AT THE END OF MAY 2018 – SE(18)33

Douglas Colquhoun provided an update on progress in finalising the 2017/18 Annual Accounts, a review of financial results for May 2018 (Period 2) and an update on the latest full year financial forecasts for 2018/19.

Current Expenditure to the end of May totalled £27.8m against the Business Plan profile (94% of profile). The main variance highlighted related to Equity, Investment and Loans and Douglas explained the key factors contributing to this. Income had increased overall by £1.9m and Douglas provided a breakdown of the split between resource and capital income.

Douglas provided an update on the exploration of other routes for Financial Transaction Funding.

It was suggested that a discussion was scheduled for the Board meeting in August on investment and stimulating ambition.

1.7 PERFORMANCE REPORT FOR THE PERIOD ENDED MAY 2018 – SE(18)34

Linda Murray provided an update on progress against the 2018/19 Business Plan and new measurement framework, representing the latest position up to end May 2018. The report highlighted progress against the 6 published outcome measures and provided detail on a range of activities which were taking place across SE to progress business plan objectives.

Linda highlighted that five measures were on track with one measure currently forecasting to fall short of the in-year target range “Planned R&D Investment” and work was continuing to stimulate the pipeline and to review other activities which may contribute to this measure. Two further measures were currently forecasting at the bottom end of the range.

The Board thanked Linda for the update on progress.

1.8 ANNUAL REPORT AND ACCOUNTS 2017/18 – SE(18)35

Douglas Colquhoun presented this paper which invited the Board to approve Scottish Enterprise’s Annual Report and Accounts for year ended 31 March 2018. One issue was still outstanding and the Board was asked to approve the accounts subject to this being addressed.

Board members had a balanced discussion on the outstanding issue in the remuneration report and agreed the approach taken.

Douglas highlighted some key aspects within the Annual Accounts, including performance measures and milestones. Under Audit matters, it was noted that the facilities management asset register was not yet complete, although a great deal of work had been done in relation to this.

Sign off by Audit Scotland was expected the following week and publication scheduled for end of August.

The Board was happy to approve the Annual Accounts.

2. FOR APPROVAL

2.1 DESIGN STUDY PROJECT - SE(18)36

Mick McHugh and Andrew Gosden joined the meeting to seek approval for a Front End Engineering Design (FEED) Study. This was the second of a three-phase project comprising of two design phases and one capital expenditure phase.

The Board discussed the options set out within the paper and noted the recommendation to approve. Discussion ensued on the impact of the potential scenarios and the Board was keen to ensure that appropriate conditions were applied to the funding support. The Board also stressed the need to ensure the best outcome to maximise the economic impact for Scotland.

The Board approved the project, subject to negotiation of appropriate conditionality. The Board delegated authority to ELT to take the final decision on conclusion of negotiations, with a subsequent update to the SE Board.

3. PAPERS FOR INFORMATION

3.1	SE Board Approval Progress Update	SE(18)37
3.2	Health & Safety – April & May 2018 Update	SE(18)38
3.3	Global, UK and Scottish Economic Commentary	SE(18)39
3.4	Approvals Within Delegated Authority	SE(18)40
3.5	Testimonials & Complaints	SE(18)41

In relation to item 3.2 Health & Safety – April & May 2018 Update, Gavin Nicol recommended that an independent assessment of SE's Health & Safety systems would be beneficial to ensure that the level of investment being made was appropriate.

4. ANY OTHER BUSINESS

There was no further business.

Karen Hannah
Corporate Support