

**MINUTES OF THE SCOTTISH ENTERPRISE BOARD HELD IN GLASGOW ON
26 OCTOBER 2018**

Present: Bob Keiller, Chairman
Steve Dunlop, CEO
Carmel Teusner
Stuart Fancey
Melfort Campbell OBE (by phone)
Gavin Nicol
Professor Dame Anne Glover
Karthik Subramanya
Poonam Malik
Sue Paterson

In Attendance: Charlie Smith, Transformation
Jane Martin, MD Business Services and Advise
Iain Scott, Chief Financial Officer
Carolyn Stewart, MD People Services
Linda Hanna, MD Scottish Economic Development
Paul Lewis, MD International Economic Development
Karen Hannah, Corporate Support

Apologies: Willie Mackie

1. STANDING ITEMS

**1.1 MINUTES OF THE BOARD MEETING HELD ON 31 AUGUST 2018 –
SE(M)307**

The Minutes of the previous meeting were approved.

1.2 MATTERS ARISING - SE(307)(MA)

The Matters Arising were reviewed.

1.3 Board Committee Update

The following minutes and Annual Reports were noted.

**Minutes of the SE Board Audit & Risk Committee held on the 24 August 2018 –
SEAC(M)(18)03**

SE Board & Risk Committee Terms of Reference – SE(18)61

**Minutes of the Nominations & Governance Committee held on 31 August 2018
– SEBNGC(M)34**

**SE Board Nominations & Governance Committee Annual Report 2017/18 –
SE(18)62**

**Minutes of the SE Board Remuneration Committee held on 31 August 2018 –
SEBRC(M)42**

SE Board Remuneration Committee Annual Report 2017/18 – SE(18)63

Minutes of the SE Board Urgent Approval meeting held on 25 September 2018 – SEBUA(M)(18)04

1.4 CHAIRMAN'S REPORT

The Chairman provided an update on the Cross-agency core values workshop held on 9 October. Twenty representatives from across each of the agencies met to develop a draft set of common values to apply across the agencies. A meeting with the respective CEOs would be set up to achieve buy in and further consultation within each of the agencies would be carried out.

1.5 CHIEF EXECUTIVE'S REPORT

Steve Dunlop highlighted the work undertaken over recent months to contribute to the Programme for Government, Strategic Board Strategic Plan and the Economic Action Plan. Thanks were conveyed to the team for their efforts and diligence.

A number of meetings with MSPs and Ministers had taken place over the previous two months. Mr McKee, the Minister for Trade, Investment & Innovation, visited the Axis Studios in Glasgow to launch their new VR film.

Talgo, a Spanish manufacturer of high-speed electric trains was considering a number of sites across the UK to locate a state of the art manufacturing facility. SE/SDI had co-ordinated the Team Scotland response to Talgo in its two rounds of questionnaires for their site selection process. A decision on the preferred site was expected by end October/early November.

Steve updated the Board on the off-line approvals for Alexander Dennis and the National Manufacturing Institute of Scotland.

Steve highlighted recent progress in Health and Safety, advising that a Head of Health & Safety had been recruited; an in-depth review of Health and Safety was underway and the results would come back to the Board in December. The travel process had been reviewed and changes to the procedure had been made to ensure that no travel could be booked without a risk review being completed in advance. Thanks were conveyed to Gavin Nichol for his help and support.

A draft report had been prepared following review of a recent company investment and would be discussed with the Board in December.

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

1.6 FINANCE & PERFORMANCE REPORT AS AT THE END OF SEPTEMBER 2018 – SE(18)64

Douglas Colquhoun provided an update on financial results for the period to the end of September 2018 (Period 6) and outlined proposals for re-basing the current year Business Plan.

Douglas highlighted that the re-based Business Plan had been established at an income level of £350.9m which represented a 2% reduction on the published Business Plan. The actions taken to balance the capital and resource budget positions were outlined. Linda Hanna provided an overview of the potential opportunities for utilising Financial Transactions funding.

In relation to the loan products, the Board discussed demand stimulation and the need to reach a wide company base.

The Board approved the proposals to rebase the Business Plan.

1.7 PERFORMANCE REPORT FOR THE PERIOD ENDED SEPTEMBER 2018 – SE(18)65

Linda Murray provided an update on the latest position up to end September 2018. Linda highlighted progress against the six published outcome measures and provided detail on a range of activities which were taking place across SE to progress business plan objectives.

Linda reported that while the labour market was strong, the economic conditions were challenging particularly in domestic growth. The recent FSB report highlighted that small business optimism had fallen due to Brexit uncertainty, however, companies were now beginning to plan for Brexit.

In relation to SE's performance, six months into the performance year, four measures were on track and two measures were forecasting to fall short of in-year target ranges. Information was also provided on the latest progress of activities being tracked as part of inclusive and sustainable growth indicators. The aim was to establish baselines and introduce outcome measures for inclusive growth in future.

The Board discussed the need for more focus on women in enterprise and Jane provided some insight into plans to achieve this.

2. FOR APPROVAL

2.1 HUNTERSON PARC - SE(18)67

Allan McQuade and Euan Dobson joined the meeting to seek approval for expenditure of up to £10m (excluding VAT) as a repayable grant towards total project costs to develop Hunterston PARC.

The site is considered to be a unique strategic asset for the purposes of decommissioning of O&G assets, offshore wind (floating/fixed) and offsite construction and manufacturing, with the aim to create a multi-sector strategic manufacturing asset for Scotland. Allan outlined the work undertaken on the site since the 1970s; the regulation and risk management control and the background and experience of Peel Ports. The Board was advised that the proposals had attracted public concern focused on a number of aspects, including: the impact to the

environment; risks to tourism; health and safety and the economic impact. SE was working with Ayrshire Council and Peel Ports to engage with those parties expressing concerns.

Euan highlighted the economic benefits and the medium to long-term opportunities.

The Board had a detailed discussion on the public concerns raised and recognised the role of public sector partners in assessing the related risks and acknowledging that SE's approval would be contingent on partners fully delivering on their responsibilities related to this project. The Board took into consideration the opportunity for Scotland's economy and the resulting job creation and discussed the commercial case and terms of the proposed grant.

In conclusion, the Board asked for further information before coming to a decision. A supplementary paper was sought to address the handling of issues raised by the public and further information on the commercial case. An extraordinary meeting would be arranged with the Board to consider the project once the further information was available.

2.2 SPRITE (SCOTTISH PROGRAMME FOR RESEARCH, INNOVATION AND TECHNOLOGY ECOSYSTEM) – SE(18)68

Jan Reid and Karen Fraser attended the meeting to seek approval for the submission of an Application for European Union funding with a managed fund value by SE of £30m (£29,668k). The approval would commit SE to the management of the combined fund value from ERDF, SG, HIE and SE. SE's maximum contribution to the fund was core funding of £2.4m and this would unlock a total of nearly £40m of investment. This approval is not for the project expenditure associated with the EU application.

The Board were advised of the aim of the SPRITE programme to address widespread market failures by addressing the lack of awareness and understanding of the value of technology adoption and innovation and the nature and scale of the opportunities and potential future market returns.

The Board were very supportive of the programme and the project was approved.

3. PAPERS FOR INFORMATION

3.1	Complaints Annual Report 2017/18	SE(18)69
3.2	2018/19 SEER Plan	SE(18)70
3.3	Notification of New Interest	SE(18)71
3.4	SE Board Approval Progress Update	SE(18)72
3.5	Health & Safety – August & September 2018 Update	SE(18)73
3.4	Global, UK and Scottish Economic Commentary	SE(18)74
3.5	Approvals within Delegated Authority	SE(18)75
3.6	Testimonials & Complaints	SE(18)76
3.7	Forward Events Summary of Events in past month	SE(18)66

4. ANY OTHER BUSINESS

There was no further business.

Karen Hannah
Corporate Support