

**MINUTES OF THE SCOTTISH ENTERPRISE BOARD HELD IN EDINBURGH ON
7 DECEMBER 2018**

Present: Bob Keiller, Chair
Steve Dunlop, CEO
Carmel Teusner
Stuart Fancey
Melfort Campbell OBE
Gavin Nicol
Willie Mackie
Professor Dame Anne Glover
Dr Sue Paterson
Karthik Subramanya

In Attendance: Charlie Smith, Chief Transformation Officer
Jane Martin, MD Business Services and Advice
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: Dr Poonam Malik

1. WELCOME AND APOLOGIES

The Chair welcomed members to the meeting and apologies were noted.

2. FOR DISCUSSION

2.1 Overview of Strategic Board Journey

Nora Senior, Chair, Strategic Board joined the meeting to meet with members of the Board and to provide an overview of the Strategic Board. Nora provided some context on the background to the formulation of the Strategic Board, its remit and current focus. Nora outlined the ambition for Scotland's economic growth and the purpose of the missions to target specific aspects. A key challenge was to engage with more companies to increase productivity and internationalisation. Nora also discussed the role of the Strategic Board in creating greater alignment across the system and a greater customer focus.

2.2 SE Board Strategy Discussion and Strategic Framework – SE(18)78

Linda Murray presented this paper which outlined the key themes discussed at the Board Strategy session in October and how this would inform SE's new Strategic Framework. Consultation on the new Framework was also being undertaken with customers, partners and staff. A draft Strategic Framework would be shared with the Board for further input.

Charlie Smith took the Board through a presentation which outlined the current thinking and future focus.

The Board was supportive of the direction being taken.

3. STANDING ITEMS

3.1 MINUTES OF THE BOARD MEETING HELD ON 26 OCTOBER 2018 – SE(M)308

The Minutes of the previous meeting were approved subject to a minor amendment.

3.2 MATTERS ARISING - SE(308)(MA)

The Matters Arising were reviewed and noted.

3.3 BOARD COMMITTEE UPDATES

Update from the SE Board Audit & Risk committee meeting held on 3 December 2018

Willie Mackie provided an update on discussions at the Audit & Risk Committee meeting held on 3 December which included: planning for the Annual Report and Accounts, review of the external Audit Plan and review of the internal audits undertaken which had been generally positive with all audits graded either 2 or 3. Willie also provided a summary of the discussion on progress on Contract Management.

Minutes of the SE Board Urgent Approval meeting held on 15 November 2018 – SEBUA(M)(18)05

The Minutes of the urgent approval were noted.

3.4 CHAIRMAN'S REPORT

The Chair advised that he would be stepping down at the end of his term on 31 December and that Willie Mackie had agreed to take on the role of Deputy Chair. Willie would act as Chair until a new Chair was appointed.

Carmel Teusner, Melfort Campbell and Willie Mackie had been appointed for a further term on the Board.

Dinner with the Cabinet Secretary had been arranged for 16 January and would be held in Edinburgh.

The Chairman updated the Board on the recent Chairman's Challenge held on 13 November. The event was very successful and was attended by young people and guest speaker NASA Astronaut, Doug Wheelock. The aim of the event was to stimulate entrepreneurship and the young people were challenged to develop ideas and offer solutions to a real-life economic development topic for Scotland.

3.5 CHIEF EXECUTIVE'S REPORT

Steve provided an update on Michelin advising that, despite the decision to close, discussions with the company had led to a long-term commitment to repurpose the site into a key location for new economic and employment opportunities. A Memorandum of Understanding was expected to be signed on 18 December. Steve acknowledged the work of Linda Hanna and her team. The Chair also extended the thanks of the Board to Linda and Steve.

3.6 FINANCE & PERFORMANCE REPORT AS AT THE END OF OCTOBER 2018 SE(18)77

Douglas Colquhoun joined the meeting to provide an update on cumulative performance against Business Plan measures and financial targets for the period to the end of October 2018 (Period 7). An update was also provided on the latest forecasts for the year and an assessment of the risks associated with these.

Four of the six published measures were expected to be within their target ranges for the financial year with two, Planned R&D Investment and Growth Funding, forecasting an outcome below their respective target ranges. One measure, Planned Capital Asset Investment had now been achieved and had exceeded its target range.

Douglas updated on the current financial position advising that the full year expenditure forecast was £26.9m below the latest income projection. The position with Financial Transactions had improved over the period and an update was provided on the loan product which had been launched. Douglas also provided an update on discussions with Scottish Government regarding Financial Transaction funding.

4. PRESENTATION

4.1 Presentation and discussion on the findings of the Independent Health & Safety Review

Phil Martin and Bill Feeley, British Safety Council, joined the meeting for this item. Jim Feeley presented the findings of the recent review undertaken on SE's Health & Safety processes. Bill provided the background to the audit, advising that benchmarking had been done against similar organisations, and reported that the overall result was 92.07% which was a five-star rating.

A breakdown of the findings and recommended areas for improvement was provided.

Phil Martin outlined some of the actions underway, which included more communications and engagement to create a stronger Health & Safety culture.

It was agreed that ELT would review the report and come back to the Board at the meeting in February with recommendations and action plan.

The Board also agreed that a quarterly report with time for discussion would be beneficial in place of the current monthly report.

Health & Safety training for the Board was scheduled for February 2019.

5. FOR APPROVAL

5.1 Annual Health & Safety Report 2017/18 - SE(18)79

Phil Martin presented this report for approval by the Board prior to publishing. The report had been delayed to allow for recommendations from the internal audit to be addressed.

Phil highlighted work underway to develop KPIs and training and the work previously discussed on culture and engagement with staff.

The Board approved the report.

Anne Glover highlighted a potential conflict of interest in the following agenda item, due to her position on the Offshore Renewable Energy Catapult. It was agreed that Anne could remain in the meeting for the discussion.

5.2 Orbital Marine Power Ltd – SE(18)80

Michelle Kinnaird and Andy McDonald requested approval for up to £2.8m to Orbital Marine Power Limited (formerly Scotrenewables Tidal Power Limited). This would take SE's total current commercial investment of debt and equity to a **maximum of £9.335m**. Ministerial approval was also required.

Michelle provided the background to the further funding request and highlighted the success of the company to date and the market and supply chain opportunities.

Members discussed the longer term financial sustainability and acknowledged the company success and future opportunities.

The project was approved subject to ongoing discussions with the company on future needs.

5.3 Building Business Resilience: Companies with Financial Challenges – SE(18)81

Denise Kerins joined Paul Lewis to lead on discussion on this paper which outlined the findings of an independent review of SE's current response to supporting companies facing financial issues in order to consider SE's response to future higher risk investment requests.

Paul highlighted some of the lessons learned as well as some good practice identified.

The Board was assured by the rigorous review and welcomed the report. It was acknowledged that there was a need for both analytics/intelligence as well as judgement and further approaches of good practice were suggested.

The Board thanked Paul and Denise for the report.

6 PAPERS FOR INFORMATION

The following information papers were noted.

Health & Safety – October to 12 November 2018 Update	SE(18)82
Global, UK and Scottish Economic Commentary	SE(18)83
Approvals Within Delegated Authority	SE(18)84
Testimonials & Complaints	SE(18)85
Forward Events and Summary of Events in past month	SE(18)86

7 ANY OTHER BUSINESS

Linda Hanna advised that Scottish Screen had announced the location of the Film Studio in Leith.

Melfort Campbell passed on positive feedback from Scottish Edge.

8 CLOSING REMARKS

Bob thanked the Board and Executive Team for their support throughout his term as Chair. He also identified a number of individual members of staff for their help and support.

Willie Mackie, on behalf of the Board, thanked Bob for his leadership over the past 3 years. Steve Dunlop thanked Bob on behalf of the Executive Team and wished him well for the future.

**Karen Hannah
Corporate Support**