

**MINUTES OF THE SCOTTISH ENTERPRISE BOARD HELD IN ON 15 JULY 2020 BY SKYPE**

**Present:** Lord Smith, Chair  
Steve Dunlop, CEO  
Willie Mackie, Deputy Chair  
Dr Poonam Malik  
Dr Sue Paterson  
Carmel Teusner  
Melfort Campbell OBE  
Karthik Subramanya

**In Attendance:** Jane Martin, MD Business Services and Advice  
Linda Hanna, MD Scottish Economic Development  
Charlie Smith, Director of SDI, Group Head of Strategy and Technology  
Carolyn Stewart, MD People Services  
Douglas Colquhoun, Chief Financial officer  
Elaine Woods, Corporate Office  
June Biggam, People

**Apologies:** Professor Dame Anne Glover  
Gavin Nicol

**PAPER FOR APPROVAL**

**ANNUAL REPORT AND ACCOUNTS 2019/20 – SE(20)46**

Douglas Colquhoun introduced the paper seeking approval for Scottish Enterprise's Annual Report and Accounts for the year ended 31 March 2020.

Douglas highlighted some key areas reflected in the paper. The final outturn position showed a net underspend of £7.3m against the cash resource budget of £271m from Scottish Government. This was broken down across the three funding elements:

Resource: underspend of £2.3m, 1.24% of final budget comprised of Scottish Government allocation and income generation

Capital: an underspend of £0.5m, 0.46% of final budget

Financial Transactions: £5.6m, 7.4% of final budget

Since March, the Covid-19 pandemic has had a significant impact on the economy, creating extreme volatility in investment markets, and this resulted in several planned deals falling away during late March which contributed to the Financial Transactions underspend.

In terms of issues relating to matters of judgement, Covid-19 has created issues in relation to asset valuations and an additional disclosure had been added to Accounting Policy 22 – "Critical accounting estimates and judgements" which noted the impact on the valuation of the retirement benefit scheme, land and buildings and financial instruments.

Audit Scotland had confirmed the valuation placed on the retirement scheme, land and buildings and financial instruments were acceptable and reflected the best information at this point.

Discussions had been held with Audit Scotland regarding the severe impact on income generation that had been experienced by two of SEs subsidiary companies, the Glasgow Science Centre and This is Remarkable. An additional disclosure had been reflected within Note 19 on Contingent Liabilities.

Willie Mackie confirmed that the Audit & Risk Committee had considered the accounts and recommended them for SE Board approval.

Willie thanked both the SE team and Audit Scotland team for the work they had done, particularly in the current remote working environment, to present the Annual Report and Accounts only three weeks behind schedule.

On behalf of the Committee, Willie commended Steve, the Executive Leadership Team and the Finance Team for their financial stewardship and ability to deliver the budget and a major change programme in the context of Covid-19. Thanks were personally conveyed to Douglas and Clair Alexander.

Board Members agreed the narrative is a good story and summarises the complex nature and multitude of challenges the Executive Leadership and Finance Teams have been dealing with.

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## **EARLY STAGE GROWTH CHALLENGE FUND DEMO**

Freya Perez, Steve McGowan, Ruth McArthur and Kerry Sharp joined the call to provide a demo of the new Early Stage Growth Challenge Fund digital system that has been built entirely in-house, encompassing the external-facing application that businesses will complete, and the internal back-office processes which have also been fully digitised.

Board Members agreed this was a huge step forward in a very short period of time and highlighted the potential to widen the implementation of this approach to other product lines/decision making.

Members congratulated the team on the system and the internal design.