

**MINUTES OF THE SCOTTISH ENTERPRISE BOARD HELD ON FRIDAY 29 AUGUST 2025 IN APEX HOUSE**

**Present:** Professor Sir Jim McDonald  
Adrian Gillespie Chief Executive  
Karthik Subramanya  
Dr Poonam Malik  
Dr Sue Paterson  
Raymond O'Hare  
Graham Soutar  
Professor Stephen McArthur

**In Attendance:** Jane Martin, MD, Innovation and Investment  
Gill McNeill, Chief People Officer, People, Digital and Communications  
Kerry Sharp, Chief Finance & Investment Officer  
Reuben Aitken, MD, Energy Transition and International Operations  
Rhona Allison, MD, Productivity and Business Growth  
Colin Cook, Scottish Government  
Richard Rollison, Scottish Government  
Maxine Nellany, Head of Chief Executive & Corporate Office  
Lynsey McCue, Chief Executive & Corporate Office

**Apologies:** Professor Gillian Murray  
Professor Richard Williams

The Chair sought declarations of interest. No conflicts were raised.

The Chair thanked Poonam, Sue and Karthik for agreeing to extend their terms until 31 December 2025 to align with completion of the Board recruitment process.

**STANDING ITEMS:****1. Minutes of the Meeting held on 27 June 2025 – SE(M)354**

Graham updated on a change to the minutes of the June Board meeting advising that it is the Board's corporate responsibility as opposed to the Audit and Risk Committee. Corrections made to page 2 of the annual report.

The minutes of the previous meeting were approved.

**2. Matters Arising – SE(344)MA**

Noted that all matters arising were in progress and nothing to add.

### 3. Chair's Report

The Chair provided an update on recent engagements including:

**Gregor Irwin, DG Economy meeting:** An open and constructive discussion focusing on ongoing dialogue on financial flexibilities. Gregor is supportive of Scottish Enterprise's (SE) case, and the Scottish Government (SG) sponsor team continues to advocate for it. While there is no definitive agreement yet, progress is being made in navigating the budget architecture. Gregor is expected to attend the SE Board meeting in October to further these discussions.

**Scottish Government update:** Colin reflected on the forward path noting that SE's reputation within SG is stronger than ever. The First Minister's experience of working with SE was acknowledged, with the organisation viewed as a driver of change. There is a pathway emerging to accelerate discussions towards a revised model and Adrian's perspective to follow as part of the CEO update.

**SE Board recruitment:** The Chair advised that the application process closed on 21 August. A shortlisting meeting will take place on Monday 1 September with a good field of candidates emerging. Interview dates set for October with appointments scheduled to be made early December.

Poonam commented that while there are multiple views emerging on the future priorities for Scotland, there is still no clear direction. The discussion touched on the international versus domestic approach, with Colin highlighting the complexity of decision-making across international, national, and local levels, and the need to cut through political noise to focus on what works for Scotland. Poonam raised the question of who makes these decisions and how an independent view can be taken. Raymond stressed the need for clarity to come more quickly, which Colin agreed with. Colin concluded that now is the right time to provoke debate, build consensus, and move forward.

### 4. Chief Executive's Report

Adrian provided an overview of the organisation's financial position, highlighting the long-term and sustained reduction in resource allocation. Over the past five years, SE has experienced a 29% real-terms reduction in its resource budget. Since the Resource Spending Review (RSR), a finance strategy has been developed to navigate these pressures. However, the organisation had not been given flexibilities sought, despite the proposals being budget-neutral and culturally transformational.

Adrian noted that while significant efficiencies have been achieved - including a reduction in headcount since 2022 and no increase during the COVID period - the organisation is increasingly constrained.

He also highlighted the growing importance of net zero in the economy yet noted that no corresponding funding has been allocated to economic development delivery since the net zero portfolio was separated from the economy brief within SG. Pockets of funding remain within SG, making it harder for SE to access resources and deliver effectively and dynamically.

He emphasised that the organisation has now reached a point where a fundamental reshaping and reset of operational structures is required. This work is already underway, with a focus on maintaining momentum while developing an ambitious and engaging future operating model for SE.

Adrian acknowledged the scale of the challenge ahead but that the leadership team is fully committed to lead this transformation. He also confirmed that SE will continue to make the case for additional resource and to improve income generation.

**2025-27 Pay deal negotiations** with Trade Unions (TU) are ongoing with the current offer expected to be declined. TU are balloting members on appetite for potential industrial action. The SG set a minimum pay level and the initial offer was 3%.

**Glasgow Science Centre (GSC)** - Adrian updated on concerns on the on-going impact on SE's resource budget from the deficit experienced by the GSC. To date, no viable financial solution is emerging to address the on-going funding gap experienced by the science centre. Given SE's resource position, the size and volatility of the impact is unsustainable for us and Adrian would like to see a solution this Financial Year. Adrian advised that he had kept the Chair closely updated on the situation who shares his concerns. Colin confirmed the educational value of the science centre for Scotland and acknowledged the need to reassess the ownership as it is clear it is not a good fit for SE. Colin confirmed that SG were still planning to undertake a review as discussed following his visit in April, widened to include the whole science centre network which would identify future operational and alternative ownership models. The Chair emphasised the role of SG in landing on a way forward that ensures the best fit for the GSC.

The Chair referenced the review of Scotland's Ecosystem undertaken by Professor Anton Muscatelli on behalf of the Labour Party and the importance of SE at the forefront in driving the economic system. Adrian updated on his and Jane's recent meeting with Anton. The Chair also advised that he and Adrian were due to meet with Daniel Johnson MSP, Labour Shadow Cabinet Secretary for Economy, Business and Fair Work to proactively position SE. Colin Cook commented that the next nine months are seen as critical for shaping manifestos and influencing future direction. Colin Cook and Gregor Irwin will continue to provide guidance and support.

An update was provided on company issues/announcements/engagements:

- Adrian updated that the **2024/25 Delivering Results** launch with the First Minister is taking place on 1 September and advance comms will be shared with the Board on 28 August.
- The new **Capital Grants Scheme** had now been registered and, subject to no legal challenges, awards to businesses can be made from 20 September 2025 and the scheme will be in place until 2035.
- Following SE Board approval in June 2025, **Roslin Cell Therapies'** expansion has received Ministerial approval for up to £13.5m from the UK Government's Life Sciences Innovation Manufacturing Fund. Both grants are progressing to formal offer. Ian Murray, Secretary of State for Scotland is visiting w/c 1 September 2025.
- Adrian undertook a two-day visit to Finland on 20 and 21 August with the primary focus of meeting with **Business Finland** to share best practice and identify areas for future collaboration. A number of areas to take forward were agreed including a potential offshore wind partnership.
- A £400,000 R&D grant was awarded to **Oceaneering** for their umbilical and cable manufacturing site. The company will now invest £1.6m in developing dynamic subsea cables for the offshore wind sector.

- Consent was granted by Scottish Government on 31 July for **Berwick Bank**. SSE Renewables must produce a detailed seabird compensation plan which requires approval by Scottish Ministers before construction can proceed.
- The official opening of the **Advanced Net Zero Innovation Centre (ANZIC)** took place on 26 August 2025. SE invested £950,000 in 2023 to help catalyse a new centre managed by University of Strathclyde and the centre has attracted over £21m in partner funding. The Chair advised that strong industrial leaders have been employed in ANZIC and there is potential for Board visits to these industrial centres.

No questions were raised and Adrian was thanked for the report.

The Chair reminded the Board that Professor Stephen McArthur would take over the reins as the new Principal of the University of Strathclyde as of Monday, 1 September 2025.

The Chair also advised that he would ask Sir Peter Mathieson, Principal & Vice-Chancellor of the University of Edinburgh to host an informal dinner with a group of university principals and SE to discuss attracting major innovation.

## 5. Finance Report as at end of July 2025 – SE(25)42

Rachel Ducker joined the meeting to present the Finance Report which provided the Board with a summary of financial results to the end of July 2025 and an update on the latest full-year forecasts for 2025-26. Rachel updated on the over-allocation position and the ongoing pressure on RDEL and high levels of legal commitments, meaning interventions are now in place to bring budget back to balance. There remained significant backloading in expenditure forecasts, particularly on CDEL.

Financial Transactions (FT) are under £9.2m pressure with some scope for reallocation. A combined £2m of FT and CDEL is being actively managed. The most pressing concern is a £6.4 million pressure on RDEL, unusually high for this early stage in the financial year. With seven months remaining, steps are being taken to control and prioritise spend, including pausing uncommitted projects.

The Board enquired about the possible impacts of budget cuts, but Rachel explained that these are yet to be defined pending a feasibility assessment. Additionally, Rachel confirmed that staff are aware of the budgetary pressures, with further communication planned for the upcoming ELT meeting.

## 6. Performance Report – SE(25)43

Dinker Bhardwaj presented the Performance Report which provided an update on progress delivery across the organisation. An update on SE's performance measures was provided, noting that one out of six performance measures is currently forecasting to meet the target range (export sales). The CO2 measure has been revised and reduced from the previous report due to a decrease in emissions savings.

Changes to the format of the risk slides were highlighted, with feedback sought from the board.

The Board sought clarification on the emergence of a new risk, and it was confirmed that following a clean sheet exercise at ELT two previous risks were consolidated into this new risk. The Board commented positively on the new format.

In relation to the We Back Ambition Campaign, clarification was sought on whether any changes were needed for the second half of the year. It was confirmed that the next phase of the campaign would be regionally focused, with increased use of social channels to maximise impact.

The Find Business Support service was noted as performing well, with a continued high-performance score in terms of customer feedback. Rhona clarified that the platform continued to be delivered by SE on behalf of the Business Support Partnership (BSP) and reflected cross partner public delivery to support Scotland's businesses and economy. The Board expressed interest in the future direction of this work in line with the new BSP delivery objectives. It was recognised that further investment would be required to maintain this platform.

Clarification from the Board was sought on the lower employee engagement scores and Gill confirmed that cultural change had been gradual, which meant that even small shifts were amplified and there remained some nervousness around change. It was noted that the next Peakon survey was scheduled for September 2025.

Figures on the Health and Safety 'near miss' reporting were observed as being low, and the Board questioned whether a higher number would indicate a stronger reporting culture. Gill acknowledged and explained that most incidents were minor such as trips and falls, and the low figure was representative of the lack of high-risk environments eg laboratories within SE. The Chair noted the Board's interest in this area and asked that this discussion be considered by the Health and Safety Committee. Mental Health reporting was raised, and it was confirmed that the Peakon Survey includes mental health and wellbeing, with Gill advising that workplace stress was not currently a major concern.

On measures, Dinker advised that while performance measures were behind target, progress was being made. The jobs measure was improving, with a new baseline established, although the target would remain demanding and challenging for the year ahead.

The Chair commended the format and quality of the report, describing it as first-class and a model for other organisations.

## **FOR DISCUSSION/APPROVAL:**

### **7. SE Pension & Life Assurance Scheme Chair's Report – August 2025 – SE(25)44**

Julia Miller, Chair of SE Pension and Life Assurance Scheme joined the meeting to provide the annual update on the Pension Scheme. Julia had now completed almost a year as Chair.

Julia advised that the scheme is well-run, well-established, and of a manageable size, supported by a diverse and effective board of ten trustees with engagement levels with staff high. Continuity with advisors remains strong, with Hymans retained and legal guidance from Burness Paull. A key development has been the appointment of an in-house Pensions Manager. Investment performance has reached 102% funding, maintaining a target of circa 100% with some risk tolerance.

A significant area of focus continues to be around scheme governance. The General Code is now in place which requires pension schemes to ensure that they have in place an Effective System of Governance (ESoG) and test its effectiveness by way of an Own Risk Assessment (ORA).

Julia confirmed that the SE Scheme already had a good working governance structure, and while the scope of the General Code is extensive, we are well advanced in our work, shortly moving to testing and recording the effectiveness of our ESoG with the support of Hymans (the ORA). Julia confirmed that ESoG considerations are embedded in the strategy. While Mansion House reforms focus on defined contribution schemes, feedback on economic growth potential will be relayed to trustees. ESoG transparency remains a challenge, with Julia noting fund naming issues and limited investor awareness.

Another significant piece of work has been to prepare for the introduction of The Pensions Dashboard. This long-awaited development covers all occupational pension schemes in the UK, including the State pension scheme.

When it goes live, possibly towards the end of 2026, an individual with benefits that have still to come into payment will be able view the current value of all pension benefits they hold across all schemes of which they have been a member during their working life. Preparation for the Scheme's connection to the Dashboard is well underway.

The Chair thanked Julia for the update and assurance of the scheme's strong and healthy position.

## **8. Scotland's Defence & Security Economic Opportunity – SE(25)45**

Elaine Morrison Gary Stewart and Clare Alexander joined the meeting to present the economic opportunity, key risks for SE engaging more purposefully in this space and to seek Board endorsement on the strategic direction and the need for timely guidance from Scottish Government (SG) to help shape and inform SE's future support for the sector. Receiving explicit guidance from SG would make it possible for us to publicly signal our intent and readiness to explore commercial opportunities, support external engagement and mitigate some operational risks.

The Board previously endorsed SE's missions. Elaine highlighted that while the Defence and Security spending review positions growth towards 3% of GDP, the environment remains complex. There is reluctance to engage in multinational discussions around defence topics which also then highlights the need to manage risk and maintain company engagement amid a shifting policy landscape. Emphasis on SE's existing work on Defence and Security and the need for greater transparency resulting in a clearer operating environment is required.

The Chair conveyed thanks to the team and opened for discussion.

The Board highlighted missed opportunities resulting from current policy uncertainty, noting that the lack of transparency is undermining confidence. There was a strong emphasis on the importance of SE sharing real-time examples with Scottish Government and Ministers. However, it was acknowledged that engagement must remain respectful and within SG constraints. Teams are encouraged to maintain active sector engagement while SE seeks greater clarity from SG.

The Chair summarised the discussion and agreed that we engage with the sector within known constraints, support our internal team and continue to work closely with SG while fully complying with the policy line set relating to manufacture of munitions.

Elaine confirmed that there was sufficient clarity from the Board on our present position.

## **PROJECTS/PROGRAMMES FOR APPROVAL:**

### **9. Direct Investment – SE(25)56**

Derek Shaw, Jan Robertson and Craig Waterson joined the meeting to seek approval for a direct investment of up to £1.5m into a company which will be subject to match funding from existing private investors to help resolve immediate funding pressures and allow further assessment of required grant and working capital funding support.

In addition to the immediate investment, the Project team also sought Scottish Enterprise Board endorsement to prepare the business case for two further funding proposals, including: a repayable R&D grant of up to £6.2 million, funded by the Grangemouth Just Transition Fund; and commercial working capital funding of £5.25 million, as part of a £10.5 million requirement. Both would be subject to separate and further Board consideration/ approval.

It was noted that the Board's approval in February was intended to provide the company with sufficient time to secure a Series B funding round. However, despite extensive engagement with potential investors, no new funding has been secured. It was recognised that further investment is high risk but acknowledged that the company remains highly innovative with real opportunity to succeed.

The Chair conveyed thanks to the team and opened for discussion.

The Board discussed the proposed £1.5m investment acknowledging it was high-risk.. Concerns were raised around the commercialisation of the company's product and the capacity to raise Series B funding. The Board agreed that alignment with the Company's high net worth investors is critical as the Project Team move forward with building a robust business case for further funding.

After robust discussion, the Board approved up to £1.5m investment alongside to be matched by the Company's high net worth investors. The Board also provided endorsement for the Project Team to continue work on building the business cases for further funding as outlined within the paper, which would be subject to a separate Board approval.

### **10. Glenbervie Business Park Land Disposal – SE(25)47**

Simon Parsons joined the meeting to seek approval to dispose of 38.01 acres of land at Glenbervie Business Park in Larbert to a data centre developer.

Simon outlined the background, advising the land has been held for 30 years and is a non-mission aligned asset. The sloping site is undeveloped and requires to be platformed and serviced. It had been openly marketed for sale, and whilst there were several notes of interest, only one offer was received at the closing date.

The company proposes developing a c.45,000 sq m "Green" Data Centre and will submit an application to National Energy System Operator (NESO) to try and secure the necessary grid connection, to allow the development to progress. Their proposal for the site aligns with SE's mission, particularly in supporting AI sector growth and is expected to create approximately 565 jobs. The Board noted the strategic relevance and potential economic impact of the development, particularly against the backdrop of recent job losses in the surrounding area.

The Chair opened for discussion.

The discussion began with a question regarding the delay in selling the site and why it was happening now. Despite a positive narrative surrounding the project, a key risk identified was the grid connection hence the reason why our support is being sought. Sue also flagged the reliance on access to water supply for data centres as a risk. Simon said he would confirm with the company but was sure that the due diligence undertaken by the company had confirmed suitable access/requirements.

The Board approved the sale of land, acknowledging the associated risks and emphasising the importance of continued engagement.

#### **FOR INFORMATION:**

The following papers for information were noted.

11. **Acquisition of the former Shell HQ site at Tullos, Aberdeen – SE(25)46**
12. **Grangemouth Update – SE(25)48**
13. **2024-25 Health Safety and Wellbeing Annual Report – SE(25)49**
14. **Net Zero Progress Report 2021-25 – SE(25)50**
15. **Economic Commentary – SE(25)51**
16. **Key Performance Facts – Track Record of Delivery – SE(25)52**
  - a. Will receive every board pack
17. **Approvals Within Delegated Authority – SE(25)53**
18. **Testimonials & Complaints – SE(25)54**
19. **CEO & Chair Summary of Key Activity – SE(25)55**
20. **AOB**