

**MINUTES OF THE SCOTTISH ENTERPRISE BOARD HELD ON FRIDAY 31 OCTOBER 2025 IN ATRIUM COURT**

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

**In Attendance:** Gregor Irwin, Director General, Economy  
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  
Richard Rollison, Scottish Government  
Colin Cook, Scottish Government  
Karen Hannah, Corporate Office

**1. Session with Director General, Economy, Gregor Irwin**

The Chair welcomed Gregor to the meeting.

Gregor acknowledged the forthcoming departures of Karthik, Poonam and Sue, thanking them for their valuable contributions and for agreeing to extend their terms until the recruitment of new Board members had concluded.

Gregor reiterated SE's critical role within the wider system, referencing strong ministerial support and a robust track record in inward investment and partnership working. The First Minister and Deputy First Minister consider SE a vital part of the public sector, with senior leadership visibility highlighted over the previous 6–12 months, especially during challenging periods.

Gregor addressed significant fiscal challenges, including real-terms cuts to revenue and capital budgets, and the complexities of the new Financial Transaction (FT) control framework. He noted the importance of efficiency, structural reform, and mission clarity, stressing collaboration with the Board and Executive Team to optimise SE's work with system partners. He confirmed that growth remains the Scottish Government's core mission and called for a shared approach to culture change across the public sector, particularly to unlock opportunities in health and life sciences.

Sir Jim expressed commitment to ongoing collaboration with the Scottish Government and other agencies, including business and industry. The Board welcomed Gregor's engagement and input, particularly regarding Public Sector Reform (PSR), economic development, and innovation in health.

Gregor highlighted the need for public sector efficiency and structural reform, acknowledging the constraints imposed by the upcoming election. He stressed the importance of being prepared and ambitious, and advocated for agency-led reform and strategic reshaping to optimise capacity and capability within the system. Examples included improving regional economic partnerships and collaboration with local government, the private sector, and universities.

He also commented on the decline in RDEL budgets and associated operational impacts, noting the challenges of cutting capital budgets tied to long-term commitments. He emphasised the need for continued efficiency improvements and disruption to deliver strong economic outcomes while managing financial pressures. He also discussed progress on extracting flexibilities from the Scottish Government to maximise impact, balancing governance with a more flexible relationship.

Gregor welcomed the efforts to reshape SE, ensuring efficient delivery and demonstrable change over the next six months and suggested the potential to establish SE as an exemplar in structure and operational effectiveness.

The importance of a joined-up approach to international investment was discussed. Gregor confirmed SE's leadership role in engaging international investors, with the Scottish Government supporting on policy and operational issues. He highlighted the need for clear leadership and supporting relationships in major investment projects and welcomed ongoing challenge to optimise the system.

The Chair thanked Gregor for his input and ongoing collaboration, with agreement to continue dialogue and strategic planning between SE, the Scottish Government, and wider partners to address fiscal challenges, drive reform, and maximise SE's impact.

## **STANDING ITEMS:**

### **2. Chief Executive's Report**

Adrian highlighted ongoing and additional pressures on R-Del and further challenges in the economy currently, referencing the impact of the Defence policy with the need to pause on operations in providing support to companies and stopping new commitments. He highlighted the impact this was having on staff morale, which was reflected in the recent staff survey with a decline in results below the industry standard. One of the major drivers was a decrease in colleague confidence around change which was already an area of focus. Continuing to tackle this theme, this week saw the launch of Ambition28 to colleagues, which incorporates SE's enabling strategy action plans covering People, Digital/AI, Finance and Customer in a fresh new approach, to re-energise staff in the lead up to the All Colleague Event in December.

Last month SE also set out proposals to Scottish Government on "*SE Fit for the Future*", SE's future model to agility, efficiency and being data and AI led. Adrian thanked Gill, Kerry and the other Managing Directors for leading on this work.

The annual All Colleague Event (virtual) planned for 2 December, will reinforce the key transformational priorities, reflecting on the great work delivered this year and introducing some of the changes needed to deliver in responding to current challenges. Invitations to Board members would be issued soon and Adrian encouraged attendance.

The Board emphasised the importance of maintaining service quality during these changes and recognised the risks associated with talent retention and acquisition. It was noted that efforts were underway to review and refresh talent and skills, acknowledging colleagues' ability to adapt as well as bringing in new skills.

Adrian updated on progress with Grangemouth, with new opportunities arising weekly, 130 enquiries currently and eight projects in the pipeline. The Cluster Strategy, co-created with GFIB was launched the previous day, and SE was leading on the £20m Growth Deal innovation project with a new business case in development and the opportunity to use a similar model in the North East of Scotland and London.

The Chair formally noted the Board's thanks to the team.

Adrian was pleased to confirm that Nicola Anderson would be joining SE as the new Director of Scaling Innovation in November, working two days initially and full time from January 2026.

The First Minister (FM) hosted a dinner on 25 September led by SE with 11 companies from SE's High Growth Company Support and Growth Investments portfolios. This was an opportunity for the FM to hear directly from scaling companies on future ambitions, challenges and the role of the public sector. There was positive feedback on the dedicated support for high-end research and innovation and strong endorsement of the support SE account managed companies have received across a number of areas.

The Global Investment Summit was held on 6-7 October with 250 senior leaders from finance, tech, renewables, life sciences, and academia. A private session was also hosted by UKG Treasury Minister, Lucy Rigby and the First Minister hosted a reception and dinner. SE staff supported the summit delivery and key visits, leading to a very successful event.

Adrian also updated on his recent visit to Amsterdam to meet with the CEO of Fugro on a potential significant investment project for Aberdeen.

The following company updates were provided:

**Minyang** announced plans to invest £1.5bn and create 1,500 jobs in Scotland for nacelle and blade manufacturing. SE had worked closely with the company alongside Scottish Government colleagues.

**Glenbervie disposal:** following approval by the Board in August, the company sought an additional 10.57 acres in an area of land adjacent to the site. Adrian had approved under CEO delegated authority.

**Direct Investment:** following approval of £1.5m by the Board in August, work was being done at pace in terms of due diligence and developing the business case for the next proposition to come forward in December.

**Orbital marine:** following SE Board approval on 1 October and Scottish Ministerial approval thereafter, SE completed its £3m investment in Orbital Marine Power Limited on 23 October, alongside a £4m investment by Par Equity. Post-deal work was underway with Par Equity in terms of some of the risks and SE was in discussions on the non-executive Director role.

**Capital Grants Scheme:** had now been launched with no objectives received. The first of the capital grants were beginning to come through.

### **3. Finance Report as at end of September 2025 – SE(25)58**

Rachel Ducker joined the meeting to provide a review of the financial position to September 2025 (Period 6) and an update on the latest full-year forecast for 2025/26. The persistent challenges relating to resource constraints were outlined, noting a continued decline in the baseline budget against a backdrop of rising fixed costs. Over the past five years, the resource budget has decreased by 29%, with an 18.6% reduction this year alone. While prioritisation measures have previously mitigated some impacts, the organisation has now reached a critical juncture. An increased deficit has resulted from the absorbing pressures from the Glasgow Science Centre, and the Board awaits the outcome of a Scottish Government review.

Overallocation was £0.5m over budget, with active management in place to manage down. The R-Del budget was currently at £0.3m overspend with ongoing efforts to rebalance. FT reduction stands at 0.2%, and CDEL was balanced following an investment transfer.

Rachel outlined the key risks which included ongoing RDEL pressures and backloading. The half-year valuation review was underway to investigate whether there was sufficient headroom in ECL to support delivery of the resource budget, but this appears unlikely.

Further discussion addressed the drawdown of £19.3m in listed shares, with a total value of £30m. The target for this year is £19m, though only £5m has been sold to date, with the remainder likely to roll over into next year.

The Board acknowledged the impact of an £18m reduction, with concerns raised about the sustainability of ongoing deprioritisation. Customer and partner impacts were discussed, with reductions already affecting due diligence projects, early-stage and high-growth initiatives, and some grants at the contract stage.

Constructive engagement continues with the Scottish Government on alternative levers to address these challenges.

### **4. Performance Report – SE(25)59**

Susan Moore joined the meeting to present the latest performance report up to the end of September, highlighting the slightly improved position on the CO2 savings and export sales measures, with the other measures forecasting below target range. Reuben updated on the jobs measure, outlining the impact of the current economic challenges and R-Del position with the likelihood of the target not being reached.

Susan highlighted that the recent staff survey (Peakon) had a 64% participation rate, which was the highest level in recent years, however results of scoring had been lower.

There had been no change to the Corporate risks, with an updated Corporate Risk Register scheduled for the next Audit & Risk Committee. Work was underway to

understand the implications of an emerging risk in relation to the implementation of the new Defence Manufacturing Policy.

#### **4.1 Defence**

Rhona Allison provided an update on the Defence Policy in development which was applicable to Scottish Government, enterprise agencies and the Scottish National Investment Bank. SE had been working at pace with other agencies, supporting data insights and conversations Scottish Government was having with the Industry leadership group. A great deal of work was underway to develop procedures to implement the policy with a view to minimising economic impact. The performance report outlined some of the potential implications for companies in SE's portfolio operating in the sectors covered by the policy, growth opportunities currently in the pipeline, international sales, capital investment, as well as impact on future jobs and supply chain.

Next steps were outlined which included implementation once the Policy had been finalised and awareness sessions were underway with SE colleagues.

Richard Rollison thanked Rhona, Kerry, and colleagues on the work undertaken to gather intelligence and insights regarding the potential impact of the policy. He advised that policy development had progressed at pace, with advice provided to ministers and detailed examination of the information presented. Discussions with the Deputy First Minister and Aerospace Defence Scotland have been robust, focusing on clarifying policy inclusions and exclusions, and the issue of skills, particularly apprenticeships, was highlighted.

The Chair emphasised the importance of collaborative efforts to achieve clarity, while Adrian thanked Richard and the team for their considerable work and collaboration. Adrian noted that although legal considerations remain outstanding, there is an understanding of the risks and the Board would be kept updated.

Gregor expressed appreciation for the approach taken by SE colleagues in working with Scottish Government. He stressed the importance of maintaining an effective feedback loop so that ministers fully understand the policy's consequences. Sector and trade associations were identified as key stakeholders, and it was noted that the First Minister is keen to avoid negative impacts on sector skills. Efforts continue to prevent disruption, with a focus on increased support for engineering and advanced manufacturing, and the importance of getting self-declaration processes right to mitigate excessive risk aversion.

Adrian observed that the supply chain is dispersed, making it difficult to isolate impacts, a challenge also present in addressing skills and apprenticeships. Richard Williams raised concerns about whether time and interaction with companies is inhibited under current policy. Rhona clarified that while companies can be engaged, support cannot be provided if it moves into areas such as specialist services or account management, meaning no products or services can be offered.

Poonam questioned whether there is any policy differential between the UK Government and Scottish Government, and whether there is a risk of companies relocating to England. Gregor confirmed that the approach is not aligned with the UK Government and acknowledged that failure to attract jobs to Scotland presents a relocation risk. He noted minor process improvements but emphasised that the current situation is temporary and an exit strategy will be required in future.

Sir Jim urged Board members to remain informed and support the Executive team, recognising significant consequences for the current year.

The Chair thanked Gregor for joining the meeting and for his contributions and Gregor left the meeting.

**5. Minutes of the meeting held on 29 August 2025 – SE(M)355**

The minutes of the previous meeting were approved.

**6. Matters Arising – SE(345)MA**

It was noted that actions were underway or concluded.

**7. Board Committee Updates/Minutes**

**7.1 Nominations & Governance Committee, 24 September 2025**

Sir Jim provided an update on discussions at the recent meeting specifically the approach underway to improve talent attraction amid budgetary pressures and the upcoming Board Effectiveness Survey.

**7.2 Nominations & Governance Committee, 25 April 2025 – SEBNGC(M)48**

The Minutes of the meeting were noted.

**7.3 Audit & Risk Committee, 11 September 2025**

Graham Soutar updated on discussions at the recent Committee meeting which included the new Fraud framework and procurement, project pipeline and major projects. All audit reviews had received a moderate rating. There had been significant improvement in reducing the levels of outstanding audit follow up actions and discussion had focused on revisions to the Corporate Risk Register. The Committee Terms of Reference had also been reviewed with revisions made to include financial investments. Deep dives had been scheduled for the next two meetings, the first to review all risks out of appetite in November and cyber security at the following meeting.

**7.4 Audit & Risk Committee Terms of Reference – SE(25)57**

The revised Terms of Reference were noted.

**7.5 Board Urgent Approval Meeting, 05 August 2025 – SEBUA(M)(25)04**

The Minutes of the Urgent Approval meeting were approved.

**7.6 Board Urgent Approval Meeting, 01 October 2025 – SEBUA(M)(25)05**

The Minutes of the Urgent Approval meeting were approved.

**8. Chair's Report**

The Chair updated on the ongoing Board recruitment process which Colin Cook was Chairing. 105 applications had been received and shortlisted to 15. Interviews had been undertaken over three days and Sir Jim commented positively on the calibre of candidates. Positive feedback from candidates had also been received on SE's reputation. Colin updated on next steps which involved recommendations on potential appointments to the Deputy First Minister.

Approval was also being sought for the appointment of five candidates rather than four, which was within the boundaries of the Board framework. It was anticipated that candidates would be advised of the outcome of interviews by 17 November.

Sir Jim thanked Poonam, Sue and Karthik for extending their terms to allow the recruitment process to conclude.

Updates were provided on recent meetings with Gregor Irwin, Colin Cook and Sir Ian Chapman. On the latter, the Chair was accompanied by Jane Martin and discussions had been productive with Sir Ian sharing an outline of their emerging strategy. Jane advised that a proposition was in development to position SE as a delivery partner to achieve shared outcomes.

Following discussion with Colin Cook on the review of Glasgow Science Centre, it was anticipated that clarification would be forthcoming within the next 6 months.

## **FOR DISCUSSION /APPROVAL:**

### **9. Regional Economic Development & Devolution – Strategic Discussion – SE(25)60**

The Board held an in-depth discussion on the optimisation of the system and the broader approach to regional and local economic development. Jane highlighted ongoing efforts to enhance system effectiveness at the regional and local authority level, with a focus on mission-led delivery and the need to clarify SE's operational model. Matt noted the impending conclusion of regional city deals and welcomed a discussion with the Board on SE's future position in the context of devolution, acknowledging the uncertainty around the Scottish Government's stance but recognising a clear direction of travel.

Board members acknowledged the complexity and variability across regions, with Gill Murray emphasising the importance of alignment with the UK Industrial Strategy, university partnerships, and the adoption of a systems approach over isolated innovation efforts.

The issue of identifying best practice in leadership structures was raised, referencing successful models in regions and cities in England, and questioned what optimal structures could look like if starting anew. Jane cited the Glasgow City Region as a positive example, where strong industrial involvement and significant investment in project management offices had enabled effective partnerships and utilisation of local city region funding. She stressed the necessity of robust industrial input for successful mechanisms.

Members expressed concerns about the current complexity and inconsistency in approaches across regions, calling for clearer leadership to rationalise efforts and citing examples of effective regional, national, and international balance. The fundamental question was posed of whether the core challenge was one of delivery, capacity, or complexity, noting that different models would be required for each.

Jane reiterated that SE's key challenge lies in bringing both capacity and capability to ground-level delivery with partners, particularly in the context of constrained resources. Matt underlined the importance of regional economic performance, while Adrian noted that national agency status sometimes led to insufficient connection with local projects and strengths, although strong partnerships could enhance efficiency and impact.

Colin Cook reported increased ministerial and governmental interest in regional development, driven by the need for public sector reform and recognition of Scotland's economic challenges. He referenced the Regional Economic Partnerships as a promising but inconsistently developed vehicle and indicated that a set of options had been developed with ministers, with principles expected to be agreed before the next election.

The Board commented on SE's expertise and the need to focus resources on areas of greatest economic impact, highlighting SE's unique national and international remit

compared to England, which lacks a comparable national agency. Adrian mentioned recent funding successes and the importance of leveraging SE's strengths.

Jane welcomed further discussions on key capabilities and mission-led work with regional partners to maximise impact through transformative projects. Sir Jim concluded that SE should be the natural leader in this area, stressing the importance of empathetic partnership with regional stakeholders and indicating that a further paper would be brought to the Strategy Session in February.

## **10. Growth Investments – 2024/25 Performance Report & Club Fund Update – SE(25)61 & SE(25)62**

Derek Shaw and Sarah Hume provided an overview of the previous year's growth investment activity. Investment totalled £42.5 million across 123 deals, leveraging £112m private sector co-investment. Trend analysis since 2003 showed that £965m of funding had been invested, leveraging £2.65 billion of private investment and supporting 7,350 high value jobs delivering £5.3b in GVA.

It was noted that Scotland continues to perform strongly in the wider market, despite global headwinds, shifting market conditions, liquidity constraints, and a more complex landscape with increased public sector involvement. The need for alignment and strategic reassessment was emphasised, and work was underway to reassess SE's investment activity and strategy and current role in Scotland's risk capital market. The team would return in the first quarter of 2026 with recommendations on any changes to SE's investment strategy and approach and to provide an update on the proposed Series A Club Fund proposition.

Board members commended the compelling figures presented and discussed the broader innovation funding landscape, including the value added by grant and specialist support. It was noted that SE's impact extends beyond equity investment, and suggested exploring mechanisms for generating income from grant support. Derek agreed, highlighting ongoing consideration of overall support and new income-generating mechanisms.

Potential changes to the investment approach was raised, to which Derek confirmed that, after 20 years, all aspects of the model and approach were under review. Adrian observed that, while significant data is now available, there remains a challenge in scaling more companies, suggesting a possible need to shift focus.

A question was raised on the failure rate and success in company exits. Derek reported that, over the past five years, there had been 33 exits with returns averaging 3.1 times the original investment, indicating a strong commercial return.

### **Club Fund**

The Board received an update on work focused on the market proposition for growth investments. It was noted that, as reported verbally in April, returns had not met initial expectations. Following the implementation of upgraded systems and a more detailed analysis of returns, it was confirmed that returns continue to fall below the threshold required by institutional investors. The new system has, however, provided enhanced insights, including the identification of companies with investment of £2 million or more, and highlighted strong performance and professional exits. Despite these positive aspects, attracting institutional investors remains a challenge.

Discussions with the British Business Bank (BBB) have indicated interest in the proposition, which was recognised as a valuable opportunity. The significant work undertaken to date was acknowledged, with the analysis informing the development of future strategy.

It was confirmed that 600 companies had been identified, with 65 currently eligible for Series A investment. While there were spikes in returns in certain areas, such as life sciences, the eligible cohort remains generic at this stage. Questions were raised regarding differentiation from the Scottish National Investment Bank (SNIB); it was noted that SNIB had been engaged from the outset and, should the BBB partnership succeed, SNIB may wish to participate. It was further noted that SE's risk appetite is higher than SNIB's, providing differentiation in the market proposition.

The Board discussed the need to increase the pool of capital available in Scotland and manage investor risk appetite, recognising the difficulties companies face in raising funds. The approach will focus on securing private sector and institutional investment, and ensuring that supported companies have opportunities to attract these investors.

The Chair thanked Derek and Sarah for the update and conveyed the Board's support for the Club Fund approach.

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

### **11. Tay Cities Region Deal Advanced Manufacturing – SE(25)64**

Matt Lockley and David Currie joined the meeting to seek approval for expenditure of up to £8m (over 5 years) to deliver the Tay Cities Region Deal Advanced Manufacturing Programme under Section 4 (i) d of the Enterprise and New Towns (Scotland) Act 1990, with the funding to be reimbursed from the Tay Cities Region Deal (TCRD).

The Board received an update on the project, which presents a strategic opportunity for SE to lead a national programme in advanced manufacturing. SE will act as the delivery partner, utilising its experienced staff and established delivery model to reduce risk, drive operational efficiency, and ensure alignment with SE's missions, with particular emphasis on capital investment. The project is designed to encourage collaboration with key national assets and will result in the development of projects aimed at leveraging significant capital investment and safeguarding or creating high-value jobs. A formal contractual agreement with Dundee City Council (DCC) will underpin the partnership.

It was noted that while the strategic rationale and operational model were clear, further detail is required regarding the specific projects and their economic impact, with individual projects to be assessed and subject to economic impact assessment. The Board was informed that the market engagement exercise had generated eight expressions of interest.

Clarification was provided that SE's delivery role would be funded by the project, with costs to be recouped through the arrangement, and that the approach aligns with wider deep tech and manufacturing initiatives. The project is considered a strong example of SE's expertise and its key role in the sector, further reinforced by SE's involvement with national centres such as the National Robotarium and NMIS.

The Board approved the project.

## **FOR INFORMATION:**

The following papers for information were noted.

- 12. Annual Complaints Report April 2024 – March 2025 – SE(25)65**
- 13. Freedom Of Information (FOI) Annual Report – SE(25)66**
- 14. Cyber Security – SE(25)67**
- 15. Economic Commentary – SE(25)69**
- 16. Key Performance Facts – Results Driven – SE’s Impact/Performance – SE(25)70**
- 17. Approvals Within Delegated Authority – SE(25)71**
- 18. Testimonials and Complaints – SE(25)72**
- 19. CEO & Chair Summary of Key Activity – SE(25)73**

## **20. AOB**

Cyber Security: Graham confirmed that the Audit & Risk Committee was keeping a watching brief on cyber security and sought views on the level and frequency of discussion at the Board for increased visibility. The Chair agreed that bringing occasional high end risk discussions to the Board would be appropriate and would tighten alignment with the Audit & Risk Committee in ensuring a clearer understanding of such risks.