

**MINUTES OF THE SCOTTISH ENTERPRISE BOARD HELD ON FRIDAY 27 JUNE 2025  
IN ATRIUM COURT**

**Present:** Professor Sir Jim McDonald  
Adrian Gillespie, Chief Executive  
Karthik Subramanya  
Dr Sue Paterson  
Professor Gillian Murray  
Raymond O'Hare  
Professor Richard Williams  
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  
Colin Cook, Scottish Government  
Karen Hannah, CEO & Corporate Office

**Apologies:** Dr Poonam Malik  
Rhona Allison, MD, Productivity and Business Growth  
Richard Rollison, Scottish Government

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

**STANDING ITEMS:**

- 1. Minutes of the Meeting held on 25 April 2025 – SE(M)353**  
The minutes of the previous meeting were approved.
- 2. Matters Arising – SE(252)MA**  
It was noted that all matters arising were in progress.

Graham updated on the cyber risk, advising that this was being discussed at each of the Audit & Risk Committee meetings, and the Cyber Security assessment had been presented to the Committee in March. The Chair thanked the Audit & Risk Committee for the assurance in maintaining a watching brief and the outstanding matter was now closed.

Raymond commented on the confidence in the SE Team, however, sought comfort in terms of the wider partnership on resources to deliver. The Chair asked the CEO to lead on this and feedback to the Audit & Risk Committee.

**3. Board Committee Updates/Minutes****3.1 Audit & Risk Committee Meeting held on 27 March 2025 – SEAC(M)(25)01**

Graham updated on the meeting held earlier in the week, highlighting the work done by Kerry, Jane, Derek, Gary and Audit Scotland on valuations, which resulted in more detail to the Committee on the policy and procedures. The Committee was assured on the methodology and visibility.

### 3.2 Proposed SE Audit & Risk Committee Annual Report – 2024-25 – SE(25)28

Graham highlighted the Annual Report and the Audit & Risk Committee's corporate responsibility on matters that would prevent SE achieving its objectives i.e. financial constraints.

Adrian updated on the letter received from the Deputy First Minister on finances, which outlined the challenges Scottish Government were facing and the commitment to prioritise the work of the enterprise agencies, acknowledging the priority and value of this work. A response was being drafted. Copies of the correspondence would be shared with the Board.

### 3.3 Nominations and Governance Committee held on 25 April 2025 – Verbal Update

Sir Jim provided a summary of the discussions held at the recent Committee meeting, which included an update on governance by Gary Stewart and progress made on risk management, mission management and change management. Gary also highlighted the strong internal audit function which was seen as valuable and an asset within the organisation.

Gill McNeill took the Committee through the approach to succession planning, including the approach to bring talent into the organisation from the public sector and industry bodies. Sir Jim recommended that the Board could help with contacts in business and industry sectors.

### 3.4 Board Urgent Approvals Meeting held on 07 May 2025 – SEBUA(M)(25)03

The Minutes of the Meeting were approved. Adrian confirmed he would follow up with Gillian Murray on the point raised on the Investment portfolio.

## 4. Chair's Report

The Chair provided an update on recent engagements, including:

- **Key Influencers Dinner:** Attendees were very willing to engage in what was an open, constructive and challenging discussion.
- **Meeting with the Permanent Secretary:** A positive discussion with a focus on financial flexibilities and priorities. The Permanent Secretary had a very positive view of SE, as well as great expectations.
- **Secretary of State for Scotland:** This was a positive meeting, and the Secretary of State accepted the general offer of further engagement. The Chair would look to engage again later in the year.
- **Glasgow Leadership Board:** The Chair updated on discussions which focused on regional economic growth. He suggested that a SE Board strategic discussion on the topic would be helpful to include in future strategy sessions, inviting Andy Haldane, ex-Chief Economist, to join for the session. Adrian updated on a recent paper and discussion at the Executive Leadership Team, which would be shared with the Board at the strategic session in the Autumn.
- **Gregor Irwin:** Sir Jim also had a very constructive meeting with the DG Economy.

The Board sought further information on feedback from the Key Influencers Dinner. Sir Jim updated on focus of the discussion in terms of key messages on financial resources and doing more with less. Adrian advised that communication of messaging was a key theme, and this would be reviewed in terms of the external perspective of communications, including more senior influencing and engagement.

Sir Jim suggested that the influencing strategy is included as part of the strategy discussion in terms of being bolder and confident in SE's offer. Board members offered their help with key opportunities. Adrian confirmed that opportunities for the Board to meet with companies around the country, in alignment with the Board meetings, would continue.

The Chair updated on progress of the Board Recruitment which was underway, and a planning meeting had been held the previous evening. Colin Cook advised that the application pack had been agreed, together with the advertising strategy, with an aim to conclude interviews in September. Sir Jim encouraged the Board to share the advert with their networks once live. He would also follow up with the departing Board Members to discuss a potential extension to their terms to the end of the year.

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

Adrian provided an update on the issues at East Kilbride Technology Park and Edinburgh Bioquarter (EBQ), advising that the works at EBQ had now concluded. On the Technology Park, the tightness testing concluded that there were no further issues. Phase 2 was underway with a report imminent to outline the design and cost to upgrade the network to current industry standards and inform discussion with the Scottish Gas Network on potentially taking over responsibility. It was aimed to have a plan of works undertaken this financial year.

Adrian advised that Scotland Europa staff and stakeholders had been informed the previous week of the decision to cease funding, highlighting that this had been difficult for all involved, and thanking Kerry, Gill and Dinker for their help throughout. There had been some responses from stakeholders expressing disappointment and offering support to colleagues. An article had been published in the media the previous day.

There had been no further acts of vandalism to SE property, but colleagues continued to be on alert. Initial outcomes of the review of SE's Human Rights Due Diligence approach had been shared with the Parliament by the Deputy First Minister and Kerry had offered to meet with Amnesty International. Adrian conveyed his thanks to Kerry, Garry and all involved in the review.

Adrian thanked all of the teams involved in the significant performance results, particularly, meeting the jobs target. Scotland had retained and enhanced its position as the top location outside of London for FDI projects. There were continued challenges at the UK level, with a 15% drop, and Scotland came in 4.8% below the previous year, but increased its position.

Adrian updated on the Capital Investment Grant which SE had been working with the CMA to develop. This had proven to be more complex than anticipated and a stronger evidence base was needed. It was planned to introduce the grant in the next month, beginning with the required challenge period, with an aim to launching in August.

On the UK Spending review and SG Financial strategy, Adrian updated that all evidence was pointing to the public finance outlook remaining challenging. However, increased levels of Financial Transactions were anticipated which would help to put investment activities on a surer footing. There remained challenges with Resource and Capital funding. Further discussions with the Board would be held later in the year on the financial strategy.

The UK's Modern Industrial Strategy 2025 had been published, with Scotland's city regions and innovation clusters identified as priority areas for targeted investment. Scotland's comparative advantage in offshore wind, hydrogen, and tidal energy were aligning with national goals for clean energy leadership. Also, Scotland's AI research strengths, particularly in Edinburgh and Glasgow, were key to the UK's ambition to lead in frontier technologies.

Adrian updated on the Permanent Secretary Roundtable on 9 June, sharing some of the issues highlighted by companies in attendance in relation to the challenging economic environment. Similar roundtables would be held later in the year, including in the North East on energy transition.

Mr McKee had visited Atrium Court on 20 June to look at the office space as a potential solution for the wider public sector following the decision not to pursue a hub facility for existing public sector and Scottish Government. Adrian highlighted that the Atrium Court lease was due to expire in March, and the owners of the building were in the process of selling, therefore, there was uncertainty on their appetite for a short-term lease. Mr McKee was supportive of SE's plan and being visible in key cities around the country. The visit also provided the opportunity to update him on SE's missions. There were also a number of staff sessions being held within the building during the visit, including sessions on Capital Investment Mission, large grants team and AI demonstration.

Adrian updated that 20 companies had signed up for the free AI readiness pilot programme. Adrian thanked Stephen for speaking at the launch session.

There had been positive feedback from attendees of the All Energy Conference on 14 May, at which Adrian had delivered the Keynote Speech.

Adrian had hosted a number of colleague engagement sessions, attended by 739 colleagues and 119 subsequent views of the recording. The sessions had been very positive and focused on achievements over the last year and priorities for next year.

An update was provided on key company issues/announcements:

Adrian joined the Deputy First Minister at BAE Systems on 19 June to announce SE's support of £9.22m as part of a £47.9m research and development and skills project. The project will create circa 300 jobs and protect over 1,000 more.

Adrian also joined the First Minister on a visit to Zero Avia on 21 May for the announcement of their manufacturing facility for production of its hydrogen-electric powertrains at AMIDS. SE was supporting the company with a £9M RSA grant, which will help create 350 jobs.

Chemify's new facility at Maryhill had been opened by Minister Lochhead on 20 June, with the £12m project supported by £1.1m of SE funding.

Syngenta had announced a £15m investment at its Grangemouth site, with the Deputy First Minister and Jane Martin in attendance. SE had contributed £2m towards the project which would create 38 new jobs and safeguard 14 existing roles.

Sir Jim thanked Adrian and the Executive team for the performance results achieved. It was proposed that key messaging on the results, together with updates on key issues is shared with the Board.

## **6. Finance Report as at the end of May 2025 – SE(25)29**

Rachel Ducker joined the meeting to present the Finance report which provided the Board with a summary of financial results to the end of May 2025 (Period 2) and an update on the latest full-year forecasts for 2025/26. Rachel updated on the over-allocation position

which had decreased to £30.2m down from £47.4m due to slippage in C-del. Both C-Del and Financial Transactions were in a comfortable position, however Rachel outlined the key issue in relation to R-Del.

Income had reduced by £9.4m, with key changes highlighted in relation to a reduction in Grant-in-Aid funding on C-del mainly due to delays in the Offshore Wind Programme and a reduction in loan repayments.

Capital had reduced to £11.5m overallocation due to forecast expenditure reduction with delays in large grants. The R-Del pressure had increased by £1.7m driven by higher spend and a high level of legal commitments. Rachel outlined the key pressures that had led to the increase.

Expenditure was slightly behind forecast by £3.8m, similar to the previous year, with the largest variance in relation to timing of Scottish Venture Fund delayed completions.

Key risks were highlighted including the R-del pressure and high commitments which required further prioritisation, backloading and ECL write offs.

The Board discussed the R-Del position and acknowledged the potential impact on capital projects and the project pipeline. The Board encouraged continued discussions on budget flexibilities.

The Board also sought further detail in future reports on pipeline of the resource budget and the levers which could be utilised.

## **7. Performance Report – June 2025 – SE(25)30**

Dinker Bhardwaj presented the Performance Report which provided an update of the first two months of the financial year. It was highlighted that initial performance measure forecasts were lower than the previous year, but were within the 3-year average.

The continued work on the development of milestones and roadmaps for the Missions was highlighted, as well as the customer feedback which was strong against public and private sector benchmarking.

The Board sought information on the process to capture customer feedback in terms of intelligence to inform future policy. Dinker confirmed that feedback was shared with Scottish Government.

In terms of Scaling Innovation, the Board discussed the areas of skills challenges and Life Sciences. Jane advised of work underway in Scottish Government on Scotland's future skills strategy, confirming that SE provided feedback from customers and partners on skills challenges. SE intervened at different levels, particularly at a project level engaging with local colleges.

In terms of Life Sciences, particularly in relation to Edinburgh Bioquarter, Jane confirmed that a further discussion was scheduled with the Board in the Autumn on the future proposition and opportunities to embed Edinburgh Bioquarter in the Life Sciences proposition and scaling innovation landscape. Jane would follow up with Richard Williams in advance of the paper coming to the Board.

## **8. Annual Report and Accounts 2024/25 – SE(25)31**

Kerry Sharp presented the Annual Report & Accounts, advising that the audit process had been smooth with a clean audit opinion. Audit Scotland had commented positively on the high standard of documents and prompt responses from the SE team.

Key highlights from the Performance Report were provided: Kerry referenced the high achievement for the organisation against a backdrop of a continued dynamic and challenging operating environment. 2024-25 was the first year of the full mission-led approach and good progress had been made on some of the key strands. A great deal of work from colleagues, particularly in the last quarter, had gone into achievement of the performance outcome measures which led to successful delivery of all targets, with three exceeding target range. Circa 15,000 planned jobs had been achieved, which was the second highest achieved; export sales had been the highest ever performance to date, and planned capital investment achieved the second highest outturn. Overall, 1,750 projects had been supported and delivered against successful performance measures, driving innovation and international themes.

The final net underspend excluding the non-cash element was £5.8m, representing 2% underspend against a total budget of £294m. This was broken down into £2.4m resource, (a £5m reduction in the expected credit loss charge was reallocated to the core Resource cash budget) and £3.4m capital and FTs. This was slightly higher than in April which was £4.4m underspend at that time. The increase was primarily due to the Green Hydrogen Fund and timing of the budget transfer. Discussions were underway with Scottish Government on in-year transfers. Overall, the position was slightly above target but was a strong result, particularly in comparison with the previous year which was £10.1m underspend.

Financial assets had reduced by £4.6m to £491m despite additions during the year, and were reflective of a downward valuation of investments. Broader market conditions remained challenging with a great deal of movement across a number of investments. Values of two investments had been revised due to errors identified by the Growth Investment Team which led to a net increase of £1.9m. This had been the result of human error in the valuation inputs. No other issues were found. The Growth Investments Team was undertaking a lessons-learned review to explore improvements in the current process by the half year.

In line with the agreement with Scottish Government, the Annual Report and Accounts would be laid in Parliament by 31 August. In parallel, work was underway with the Comms team to prepare a Q&A to amplify positive messages and to manage any potential negative media coverage.

Thanks were conveyed to the teams involved in preparation of the Accounts.

Graham Souter confirmed the Audit & Risk Committee's endorsement for SE Board approval of the Accounts, commenting on the excellent set of results, and the positive feedback from Audit Scotland on the process and high standard of documentation.

The Chair thanked Kerry and the teams involved in the process, and thanked the Audit & Risk Committee for its recommendation to approve.

Adrian also conveyed his thanks to Kerry, Rachel Ducker and the team for the work involved, and reflected on the performance across the organisation to achieve the results. He also thanked the Audit & Risk Committee for its support throughout the process.

The Annual Report and Accounts were approved.

## **FOR DISCUSSION/APPROVAL:**

### **9. Customer Engagement Strategy – SE(25)32**

Mark Newlands and Gemma Connolly joined the meeting to present the strategy which would help to drive SE's mission-led approach and represented a step change in how SE

engages, supports and delivers value to customers by proactively targeting and engaging companies that have the capacity for economic transformation. Mark thanked the Board members for their input into helping to shape the strategy and sought feedback on the final draft.

Board members congratulated the team on development of the strategy, and commented positively on its energy and ambition. Emphasis was placed on the importance of digital tools, data integration, and ensuring customer experience is a shared responsibility across the organisation.

The differing needs of customers was highlighted, and it was noted that the strategy sought to deliver tailored support at different company stages.

Clarity was sought on delivering tangible benefits for both SE and its customers, aligning with organisational missions and goals. Feedback from customers underscored the need for transparency and collaboration, which had been embedded into the strategy. Global economic development best practice had also been researched throughout development.

There was recognition of ongoing development, particularly in digital offerings and differentiated packages. Board members encouraged learning from broader systems and engaging with other organisations to strengthen the approach.

In terms of governance, it was noted that the Change Management Board would be the key sponsor, with Rhona Allison as ELT sponsor, ensuring organisational alignment.

The strategy was approved, with further offers of assistance from the Board for wider engagement opportunities.

## **10. Offshore Wind Demand Driven Innovation Support Programme – SE(25)41**

Suzanne Sosna, David Currie and Terry Hogg joined the meeting to seek Board input on the Offshore Wind Demand Driven Innovation Support Programme, which was a strategic initiative to accelerate Scotland's energy transition by driving innovation and reducing offshore wind costs.

Suzanne highlighted that this was a co-ordinated, industry connected mission led approach, which would put SE at the heart of the offshore wind innovation space. The key ambitions of the programme were outlined and included: driving down costs and accelerating offshore wind deployment; creating new jobs and strengthening the supply chain; connecting Scottish innovators with investors; and, strengthening Scotland as a global hub for innovation. Should the model be successful, there were plans to replicate and roll out to other areas.

The programme will run for an initial five years from summer 2025 and the anticipated level of investment was c£40m over the 5 years. If successful, the programme will leverage significant additional public and private investment which may increase the demand on existing SE support mechanisms.

Further information was sought on key areas of focus and how success would be measured. The team outlined work underway with ports and harbours to help them invest and grow; supply chain innovation; support for floating offshore wind technology, and fostering an environment for Scottish leadership in offshore wind. The programme aims to track success through metrics such as job creation, innovation, exporting, and capital investment, aligning with the three missions. Reporting would also be done through the lens of the programme and using metrics specific to offshore wind.

The complex landscape was noted and the Board asked about the ability for Scotland to differentiate in this space. The team highlighted SE's experience and understanding of the challenges and the role that SE can play in helping to organise and add value. Collaboration with partners, such as HIE was outlined and opportunities to bring ideas to UK Government and to accelerate opportunities between developers and designers. A steering group was in place at a strategic level to steer the programme, but an operational forum would also be created with partners to share intelligence and avoid duplication, as well as creating opportunities for collaborative funding and improving the experience for the supply chain.

The Board was very supportive of the approach and endorsed the general direction. The team was encouraged to work with communications and marketing colleagues on the pitch to highlight the added value of SE's role in integration, co-ordination and instigation. It was recommended that the innovation ecosystem for offshore wind was mapped out to identify where SE could fill the gap. A systems approach was recommended on where SE can have the greatest impact to add value and to ensure that innovation helps increase the opportunities for floating offshore wind to be built in Scotland at scale.

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

### **11. Company Strategic Expansion – Digital Programme – SE(25)33**

Jemma McNelis, Richie Connor and Russell Stevenson joined the meeting to seek SE Board approval for R&D Grant expenditure over four financial years of up to £7,245,933 for a company Strategic Expansion – Digital Programme under Section(s) 8(1)(a)(i) of the Enterprise and New Towns (Scotland) Act 1990.

The team outlined the background of the company and SE's strong relationship and support through various stages of growth, as well as the potential economic impact of the project to create 164 new jobs (137 high value) and safeguard 242 (210 high value). The strength, experience and ambition of the management team was also highlighted, as well as the opportunity to position Scotland as a leader in the sector.

The Board addressed potential risks such as possibility of funding delays and potential sale of the parent company, with assurances given of the company's preference to remain in Edinburgh and the potential for the project to anchor operations in Scotland.

The Board approved the recommended option, recognising the project's added value and strong leadership.

The Chair thanked the team for the paper and their input to the discussion. The project was approved.

## **FOR INFORMATION:**

The following information papers were noted:

- 12. Best Value in Scottish Enterprise – SE(25)34**
- 13. Scottish Enterprise Net Zero Plan 2025-26 – SE(25)35**
- 14. Notification of New Interest – SE(25)36**
- 15. Economic Commentary June 2025 – SE(25)37**
- 16. Approvals Within Delegated Authority – SE(25)38**
- 17. Testimonials & Complaints – SE(25)39**
- 18. CEO & Chair Summary of Key Activity – SE(25)40**

### **19. AOB**

There was no further business.