

**MINUTES OF THE SCOTTISH ENTERPRISE BOARD HELD ON 03 DECEMBER 2021 by MS TEAMS**

**Present:** Willie Mackie, Deputy Chair  
Adrian Gillespie Chief Executive  
Karthik Subramanya  
Dr Poonam Malik  
Dr Sue Paterson  
Carmel Teusner  
Peter McKellar

**In Attendance:** Linda Hanna, MD, Scottish Economic Development  
Jane Martin, MD Business Services and Advice  
Carolyn Stewart, Chief People Officer  
Douglas Colquhoun, Chief Financial Officer  
Neil Francis, Interim MD, International  
Colin Cook, Director of Economic Development, Scottish Government  
Karen Hannah, Corporate Office

**Apologies:** Lord Smith, Chair, Scottish Enterprise  
Irene Adams, Advisor  
Professor Dame Anne Glover  
Gavin Nicol  
Stuart Fancey, Scottish Funding Council

**STANDING ITEMS:**

Willie Mackie welcomed members to the meeting and offered Lord Smith's apologies. Apologies from other members were also noted.

No conflicts of interest were raised.

**1. Minutes of the meeting held on 29 October – SE(M)328**

The minutes of the previous meeting were approved.

**2. Matters Arising – SE(326)(MA)**

There were no matters arising.

**3. Board Committee Updates/Minutes**

**3.1 Audit & Risk Committee, 22 November 2021**

Willie Mackie provided an overview of discussions held at the recent Audit & Risk Committee meeting. The main focus of the meeting was the Internal Audit Report, which included reviews on Opportunity Management, Digital and Cyber, graded 4 and Risk Management graded 3. The key findings and recommendations were outlined for each.

Willie also updated on a recent Whistleblowing case.

#### **4. Chair's Report**

There was no formal Chair's report, however, Willie highlighted Lord Smith's attendance at the Enterprise & Skills Strategic Board and forthcoming meetings with Ms Forbes and Ivan McKee on 16 December, and with the Chair and CEO of the Scottish National Investment Bank on 13 December.

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

Adrian update on key people matters, confirming that Linda Hanna had announced her intention to leave SE at the end of March. Recruitment was underway to fill Linda's position and the MD International position. An interim position would be considered for Linda's role in the meantime.

In addition to ELT roles, a new permanent Director of Corporate Affairs and Marketing would be advertised in January. Jan Robertson, currently in Growth Investments, will take up the Director of Trade role in International on an interim basis, following Suzanne Sosna's permanent appointment to Director of Climate and National Opportunities.

Offices in five locations had been opened for the first time the previous week to host meetings. The next major milestone was the week beginning 17 January to begin the phased return to full office reopening.

Adrian provided highlights from COP26, advising that SE had organised and delivered a series of 24 events at Scotland's Climate Ambition Zone, the Lighthouse attracting over 1000 in person delegates and nearly 2000 virtual delegates. These included a number of Ministers, the First Minister and the Mayor of London. Other events had been supported in Balloch, Mossend and Cessnock Quay. The Hydrogen dinner, hosted by the First Minister had been very successful with 200 attendees, and had resulted in a number of contacts for SE. There were some pivotal announcements made including, and MoU with Mitsubishi Electric Air Conditioning Systems Europe; DSM; and Renewable energy MoU with Marubeni. There had also been significant media exposure. An international marketing campaign - Think Climate had been launched which had generated 60,000 visitor sessions on our website so far. Adrian commented on the Team Scotland approach with Visit Scotland, enterprise agencies and Scottish Government. Adrian had conveyed his thanks to the 50 SE colleagues who had been instrumental in the the smooth running and their efforts had been recognised.

Board members reflected on the success of the events and conveyed thanks to SE colleagues for the exceptional performance and delivery during COP26.

Adrian highlighted some key events and company meetings undertaken in recent weeks, including a programme of engagement with companies in Aberdeen, in participation with Opportunity North East; a meeting with companies at Waters Edge, Dundee; participation in the SCDI Forum and the Scottish Tourism Alliance National Industry Conference; and presentation of awards at the Scottish Edge Awards.

SE had welcomed the opportunity to be involved in the work to develop the National Strategy for Economic Transformation (NSET) and this had provided early insight into the key themes coming through, including Entrepreneurialism, Productivity, New Markets and Opportunities from Net Zero, and Fairer Prosperity. Discussions on Innovation and Early Stage were included on the agenda for meeting and were part of the series of strategic discussions held throughout the year to help shape the 3-year plan. Publication of NSET would help to shape the plan further to align with the ambitions set.

Colin Cook advised that the aim was for publication of the Strategy prior to Christmas. He advised that the Advisory Council had been very clear on the importance of delivery both in terms of the process for delivering the actions and the landscape of support within the public sector and how it integrates with the private sector.

On company news, Adrian highlighted the recent Deals and Deal Maker Awards which recognised three companies: Calnex Solutions Plc for Best Transformational Deal; and Trojan Energy Ltd for Best Early Stage Deal, the CEO had noted the great support of SE; and also M Squared Lasers Ltd who received Best SME Deal.

Adrian advised of a potential urgent Board approval required for support to a vaccine manufacturing company.

Adrian had highlighted the Scotland in Space Day at EXPO 2020 at the previous Board meeting and was pleased to update that the event had been named as EXPO Event of the Day by the organisers. Two further events, Race to Net Zero on 19 January and 20 February 2022 were scheduled.

Willie Mackie thanked Adrian for the report. On behalf of the Board, he thanked Linda for her outstanding contribution over the years, particularly in the role of Interim CEO.

## **6. Finance Report as at end of October 2021 – SE(21)76**

Alan Maitland joined the meeting to provide an update on the financial results to the end of October 2021 (Period 7) and an update on the latest full year forecasts for the 2021/22 financial year.

Alan outlined two key changes in presentation of the finances: the anticipated cost of Expected Credit Losses and Write Offs were now captured in the Resource DEL budget section; and, presentation of Financial Transactions (FT) income.

An overview of the budget was provided, highlighting two main factors in changes to C-Del in relation to a significant increase in income primarily due to an entitlement which was likely to crystallise following the sale of a business and had come to SE's attention in November, and therefore not included in the re-based plan. Secondly, the potential support package to a company was still progressing, however the current year expenditure had reduced.

The Financial Transactions position also reflected two key factors, one relating to the package of support to a company which would no longer include loan funding and had therefore been removed from forecasts. There had also been an increase in FT income generation mainly due to an expected distribution from an MBO Fund following an exit projected from within the Fund.

In R-Del further slippage on expenditure was due to two key projects.

An update was provided on the key risks impacting on the overall budget position.

A current area of focus over the following week was SE's submission to the Scottish Government Spring Budget Review.

The Board discussed the challenges of stimulating a pipeline against the constraints of an annualised budget and implications on delivery of the National Strategy. Colin Cook updated that there were discussions underway on options for sponsorship arrangements and demarcation.

## **7. Performance Report as at end of October 2021 – SE(21)77**

Linda Murray joined the meeting to present the Performance Report to the end of October, highlighting two spotlights on COP26 and Marketing dashboards.

The Measures had not changed from the previous report, with all forecasting to achieve and four measures forecasting to exceed their target ranges. An overview of the pipeline to the year-end indicated some large projects against the jobs, R&D and Capex measures, with the remainder consisting of smaller projects. Exports had made good progress, with a few larger projects delivered in the current year, however this was not reporting as strongly as 2018-19, pre-pandemic and pre-Brexit. CO2 had seen also seen some good contributions.

There had also been little change to the Milestones in the previous six weeks, and all showing amber in Q1 and Q2 were expected to achieve by the year-end.

Highlights from the People dashboards included updates on offices reopening, EDF and net zero training, wellbeing resources for winter and an update on activities for Black History month.

The Spotlight on Cop26 highlighted opportunities to raise awareness of the work SE was doing around Net Zero, the success of Scotland with innovative companies driving forward the agenda. Details on social media, webinars and video views showed impressive figures.

The Major projects provided an update on progress and challenges.

The Risk Dashboard showed little change, although there had been some changes to risks 2 and 3 on mitigating actions relating to budget discussions.

Willie Mackie advised that the Audit & Risk Committee had recommended a Risk Appetite Session in the Spring.

## **STRATEGIC DISCUSSION**

### **8. Future approach to innovation – SE(21)78**

Linda Murray introduced the strategic discussions which were related and both were important elements of the National Strategy for Economic Transformation and SE's 3-year plan.

Linda Hanna highlighted the importance of an innovation-led recovery post Covid and Brexit and the need for SE to assess its role and develop a clear view of SE's future approach to innovation. Linda outlined the work undertaken through workshops with key colleagues from across the business with experience and insight on innovation to inform the approach. Input was sought from the Board ahead of further engagement around the National Strategy and SE's 3 year-plan.

The presentation outlined the impact of taking an innovation system approach which places companies and the value chain at its core as they drive innovation in the economy. Linda highlighted that more could be done on connection for early stage to market and SE was reflecting on its role in this area.

Adrian outlined the model, referencing the Glasgow City Innovation District as an example of an international district which is locally relevant, and which attracts scale ups, start ups

and innovators, attracting inward investment, with socially progressive areas of place-making, and a focus for skills attraction and retention and transforming levels of R&D and innovation performance. The model was one which could be applied across the country.

Linda set out what this means for SE, with consideration on focus and an in-depth look at early stage and entrepreneurship, pre-seed and innovative companies of the future. How SE could help companies move to becoming high performance businesses, to scale up, connect with markets, help to embed an innovation culture in companies and in the role of districts and place to ensure that the regional dimension is used to attract investment and talent into regions.

The Board was very supportive of the approach and encouraged the development and collation of case studies, data, and learning from other countries. SE's success in early stage was recognised, however there was a need for more ambition to create the next generation of companies to achieve economic transformation. It was agreed that SE had a key role and was well placed to bring together the key players within the eco-system and to leverage external funding. It was also recognised that there was the need for the right culture and mind-set internally in terms of leadership, vision and shared ambition.

Willie Mackie thanked Linda and the team for the discussion and encouraged follow up discussion with Board Members to progress the approach.

## **9. Early Stage - SE(21)79**

Kerry Sharp and Victoria Carmichael took the Board through the presentation on SE's approach to supporting Early-stage, outlining SE's ambitions and how they align with the National Strategy for Economic Transformation, the potential direction to achieve the ambition and the new approaches to address known and evolving challenges.

The Board was asked for its views on where SE can make the biggest impact on transformation; the potential extension of SE's role into company creation, working with eco-system partners, or to remain focused on supporting high growth businesses start and scale; the most effective roles for public and private sectors across the different elements of entrepreneurship and investment ecosystems to maximise impact; and where partnerships need enhanced to maximise collective impacts.

Board Members highlighted SE's track record in supporting seed and early-stage growth and were supportive of a wider approach, encouraging a leading role for SE in co-creation of appropriate eco-systems and infrastructure to facilitate growth. Discussion focused on a potential role for SE in creating a cohesive structure, helping to join up existing programmes or to create joint programmes, and providing advice to companies on investment at the appropriate time in their growth journey. Comments on the complex environment and the need for a platform similar to FindBusinessSupport for entrepreneurship was suggested.

The team was encouraged to facilitate discussions with the entrepreneurial community and partners to co-create the optimal solution.

The Board was supportive of a wider approach and the team was asked to follow up with Board members to progress the discussion.

Thanks were conveyed to the team for the paper and presentation.

## **FOR DISCUSSION/APPROVAL**

### **10. European Clean Energy Technology Partnership Programme – SE(21)80**

Jan Reid and Karen Fraser joined the meeting to seek approval for the European Clean Energy Transition Partnership (CETP) programme. Gross approval was recommended for £10,144,000 of programme expenditure, of which £4,164,000 would be Scottish Enterprise (SE) contribution. European Union (EU) income was anticipated, giving a potential net cost to SE of £3,273,000. Individual projects under the Programme would be approved by the relevant delegated authority.

Jan advised that CETP was a new strategic programme within the EU's Horizon Europe programme and was a partnership between agencies in EU member states, associated and third countries and the EU, and led by the Austrian Ministry for Climate. The purpose of CETP was to accelerate the clean energy transition by supporting companies across Europe to develop new supply chains and build new demonstration projects. SE would be the Scottish partner, leading delivery on a Scotland-wide basis, with funding from SE, Scottish Government (SG), Highlands and Islands Enterprise (HIE) and South of Scotland Enterprise (SoSE). SE would build on successful involvement in ERA-Nets in ocean energy and smart energy systems and existing European partnerships.

Jan outlined the delivery of the programme via annual joint calls, advising that the approval focused on participation in the joint calls of 2022 and 2023. It was expected that a further Horizon Europe application would be submitted to cover four additional annual calls from 2024 onwards

Responses to questions on access to European funding and the process of company participation were provided.

The Board was supportive and approval was granted.

## **FOR INFORMATION**

The following papers for information were noted:

- 11. Health, Safety & Wellbeing Quarterly Report – SE(21)81**
- 12. Green Jobs Call – SE(21)82**
- 13. Global, UK and Scottish Economic Commentary – SE(21)83**
- 14. Approvals Within Delegated Authority – SE(21)84**
- 15. Testimonials and Complaints – SE(21)85**
- 16. Forward Events and Summary of Events in the past two months – SE(21)86**
- 17. AOB**