

**MINUTES OF THE SCOTTISH ENTERPRISE BOARD HELD IN GLASGOW ON 25 OCTOBER 2019**

**Present:** Lord Smith, Chair  
Steve Dunlop, CEO  
Karthik Subramanya  
Dr Poonam Malik  
Professor Dame Anne Glover  
Gavin Nicol  
Dr Sue Paterson  
Carmel Teusner

**In Attendance:** Jane Martin, MD Business Services and Advice  
Linda Hanna, MD Scottish Economic Development  
Carolyn Stewart, MD People Services  
Karen Hannah, Corporate Office  
Irene Adams, Advisor

**Apologies:** Willie Mackie, Deputy Chair  
Melfort Campbell OBE  
Stuart Fancey, Scottish Funding Council  
Charlie Smith, Director of SDI, Group Head of Strategy and Technology

**1. STANDING ITEMS:**

The Chair welcomed members to the meeting. No conflicts of interest were declared.

**1.1 MINUTES OF THE BOARD MEETING HELD ON 30 AUGUST 2019 – SE(M)313**

The Minutes of the previous meeting were approved.

**1.2 MATTERS ARISING – SE(313)(MA)**

The Matters Arising were reviewed and there were no matters for discussion.

**1.3 BOARD COMMITTEE UPDATES**

**SE Board Audit & Risk Committee meeting held on 21 August 2019 – SEAC(M)(19)03**

**SE Board Nomination & Governance Committee meeting held on the 19 September 2019 – SEBNGC(19)37**

**SE Board Urgent Approval meeting held on 06 September 2019 – SEBUA(M)(19)04**

**SE Board Urgent Approval meeting held on 03 October 2019 – SEBUA(M)(19)05**

The Minutes of the Committees were noted.

Anne Glover provided a summary of discussions from the Nominations & Governance Committee held on 19 September regarding the establishment of an Approvals Sub-

committee. The Board had discussed the proposal at the previous meeting and had delegated final approval to the Nominations & Governance Committee. Anne outlined the changes to the Terms of Reference which included widening the membership to include all Board members and increasing the quorum to four members. The Committee would be Chaired by the Board Deputy Chair. Anne also provided a summary of the process of identification of potential conflicts prior to issue of papers.

#### **1.4 CHAIR'S REPORT**

Lord Smith updated the Board on meetings attended over the previous two months, which included one-to-one meetings with ELT, Benny Higgins and a business breakfast meeting with the media. A meeting of the Brexit Response Leadership Group was scheduled later in the day.

#### **1.5 CHIEF EXECUTIVE'S REPORT**

Steve Dunlop updated on discussions with Benny Higgins regarding SNIB and advised that these were progressing well. Steve highlighted the continued resource involved in preparing our response to Brexit internally and working with partners.

Two recent Board approvals, Spire and Diodes, had been announced and positively reported in the media.

Steve also advised of a potential urgent Board approval within the next month. Linda Hanna provided the background to the project, updating the Board on discussions with the company to date.

#### **1.6 FINANCE & PERFORMANCE REPORT AS AT END OF SEPTEMBER 2019 – SE(19)59**

Douglas Colquhoun joined the meeting to present the financial results to September 2019 (Period 6) and an update on the latest full year forecasts for 2019/20.

The business plan was re-based in August and there had been a material change in income since then. Douglas highlighted the income forecasts showed there was significant headroom in the capital and resource budgets due to Scottish Government confirmation on the retention of receipts from two property disposals deferred from the previous year and new SIB deals.

ELT had met to have an initial discussion on prioritisation and re-investment of the additional income and a further meeting was scheduled for 12 November. The outcome of these discussions would be brought back to the Board in November. It was anticipated that by this point there would be more certainty on income levels and it was proposed that the plan would be rebased again with approval by the Board at the end of November.

Douglas highlighted the expenditure to the end of September which totalled £127m against the rebased Business Plan profile and was 110% of profile.

A request had been made to the Scottish Government for additional budget for Financial Transactions in light of the changes to the UK Government Consolidated budget.

## **1.7 PERFORMANCE REPORT FOR THE PERIOD ENDED SEPTEMBER 2019 – SE(19)60**

Linda Murray provided an update on progress against the published outcome measures.

Linda outlined the changes to the report which included a half-yearly summary of the global and Scottish economic positions, showing growth trends; and, the latest progress against the inclusive and sustainable growth indicators which included a comparison with the previous year. Linda highlighted that the difference in the inclusive model companies supported was largely due to reporting changes.

The annual update on account managed companies adopting the Business Pledge was broadly very positive, with bigger increases this year, particularly in companies paying suppliers promptly, workforce diversity, investing in youth and paying the Living Wage.

Linda highlighted the detailed information on export performance which provided further insight on how the Planned International Export Sales measure is being achieved, indicating the key regions and sectors with the highest volume of exporters.

In relation to the published measures, the five measures were on track to achieve their target ranges, with two forecasting above the year-end range *Growth Funding Raised by Businesses* and *Planned International Export Sales*, and the remaining three forecasting to reach the bottom of the target range. The Planned Jobs target now included a small number of domestic jobs and this was likely to increase over the coming months due to a reporting solution now in place. For Planned R&D the actual was ahead of profile due to some projects being committed earlier than expected.

The Board asked about the percentage of companies contributing to the inclusive growth figures in relation to the full account managed portfolio and also asked about the process of data collation. Linda explained that the data was collated by a survey of a sample of companies. Responses had been received from 1500 companies at the most recent survey. Members also reflected on the increase in activity of the Business Pledge elements. Linda explained that conversations with companies over recent years on the specific elements has helped to encourage companies to adopt these and the number of companies not participating was likely to be much smaller.

The Board also asked about capacity and resource related to Brexit. Linda confirmed that SE's response to preparing for Brexit had secured 145 staff volunteers to work on a rota basis to extend our ability to respond to companies. This had been stepped down meantime. Work with Scottish Government was continuing in relation to capacity and resourcing and a solution was being discussed regarding additional funding. Work with partners was also continuing to secure staff with the appropriate skillset.

## **2. PAPERS FOR APPROVAL**

### **2.1 MICHELIN – SCOTLAND INNOVATION PARC PROGRAMME – SE(19)62**

Kevin Bazley and Sarah Petrie joined the meeting to seek strategic approval for an indicative SE investment envelope of up to £30m, including £265,000 of previously approved development funding, to allow the delivery of the Michelin-Scotland Innovation Parc (MSIP) programme. This was an indicative scale of investment;

individual projects would be subject to separate approvals at the appropriate delegated authority level.

Kevin explained that the Michelin site was one of the largest single user sites in Scotland and there were great opportunities to develop the site to realise the MSIP vision to become a global destination for innovation and investment in Sustainable Mobility. Michelin's commitment and support to the future of this development was highlighted and progress made to date was outlined.

The Board sought further information on the nature of the sustainable mobility, focus and articulation of the contribution of the parties involved in the JV. Discussion also focused on foresighting and capability, particularly in relation to attracting appropriate companies to the site and the Board requested further articulation of the risks and interdependencies.

Following discussion, the project was approved.

## **2.2 INWARD INVESTMENT OPPORTUNITY – SE(19)70**

Paul Lewis, Denise Kerins and Derek McCrindle joined the meeting. The SE Board was asked to endorse expenditure of up to £13.95m to crystallise a significant inward investment opportunity in Dundee. This intervention aims to enhance Dundee's standing as a financial centre and creating a Fintech Innovation Hub in Dundee, supported by international financial services investors.

The Board was asked to delegate full and final approval authority for the individual expenditure components under the Scheme of Delegated Authority.

An updated paper was tabled at the meeting to reflect further discussions with the company and comments from Scottish Government. Paul outlined the key changes to the paper.

Denise detailed the key aspects and benefits of the proposal, confirming that the Board was asked to endorse the outline business case.

Members discussed the property aspects and conditions of support overall and sought further information on the background of the companies. The team provided further detail; outlining the conditions and highlighting the inward investment opportunities, the opportunities for place-making and market-making and the workforce development aspects of the proposal. The Board welcomed the additional information and noted the opportunities around development of a fintech cluster and the potential opportunities for the local and wider economy.

In conclusion, the Board endorsed the expenditure and final approval authority as proposed in the paper.

## **3. PAPERS FOR DISCUSSION**

### **3.1 MANAGING RESILIENCE – SE(19)63**

Paul Broughton and Kelly Hunkin joined Denise Kerins to present a demonstration of the tool which was in development to underpin the approach to managing resilience. The Board had discussed the approach previously and work was continuing with partners and the Scottish Government to create a systematic approach with clear protocols.

The system would collate internal data and data captured by partners and the market to enable better use of intelligence and insights to allow SE to take decisions at an earlier stage and to be more proactive in this space.

Members welcomed the demonstration and asked about the potential to use the system for other functions, e.g. to use as a performance tool and the team advised that there would be options going forward to use the system for different activities. The board was asked to feedback to the team if they had knowledge of any other potential data sources.

The Board thanked the team for the demonstration.

#### **4. PAPERS FOR INFORMATION**

Single Entry Point SE(19)64

Jane Martin provided an overview of this paper, highlighting the key challenges in relation to capacity, capability and dependencies. An outline business case would be submitted to the Board early in the New Year.

Complaints Annual Report	SE(19)65
Freedom of Information Annual Report	SE(19)66
Global, UK and Scottish Economic Commentary	SE(19)67
Approvals within Delegated Authority	SE(19)68
Testimonials & Complaints	SE(19)69
Forward Events and Summary of Events in past month	SE(19)61

#### **5. ANY OTHER BUSINESS**

There was no further business.