

**Deputy First Minister and Cabinet Secretary for Economy and Gaelic
Briefing for introductory meeting with Scottish Enterprise**

What	Introductory meeting with Scottish Enterprise Interim Chair, Willie Mackie and CEO, Adrian Gillespie.
Where	Teams meeting [redacted]
When	22 May 2024 – 15.45-16.05
Key Message(s)	<p>Keen to hear about SE’s strategic and operational activity, and in particular its Missions based approach.</p> <p>Encouraged to see the strong performance statistics for 2023/24 in your letter dated 15th May.</p> <p>Grateful to the Interim Chair for his leadership as we continue to seek a Chair for the Agency. Committed to appointing the right person with the right skills for such a key role.</p> <p>Growing the economy and delivering effective and sustainable public services are key priorities for the government.</p> <p>SE and the other enterprise agencies are critical to achieving SG’s objectives, particularly given the challenging financial situation. Need for alignment and collaboration with SG and amongst agencies.</p> <p>Helpful to understand the main blockages or barriers to delivering quick, and long-term wins from SE’s perspective and how SG can help remove these.</p>
Who	Willie Mackie, SE Chair Adrian Gillespie, SE CEO
Why	<p>There is no set agenda for this call.</p> <p>SE have written to you to congratulate you on your new post and offering to support you in any way they can. They are keen to re-establish frequent engagement with you in your new role.</p>
Supporting official	Colin Cook – Director Economic Development [redacted] – SE Sponsorship [redacted]
Briefing contents	Annex A: Key points for discussion Annex B: Biographies

BACKGROUND AND LINES

1. Missions and priorities

- The former First Minister launched SE's new strategic approach, '*Our Focus on Economic Transformation*' on 15 January.
- By supporting targeted areas with the greatest potential impact, SE aims to unlock thousands of new jobs and billions of pounds of global growth opportunities to deliver a more successful, greener and fair economy.
- Its new approach will focus resource on delivery of three missions:
 - developing and enabling an energy transition;
 - scaling innovation and entrepreneurship;
 - increasing productivity through capital investment in facilities and equipment.
- An Operating Plan for 2024-25 outlining the key actions SE will take to deliver on its missions has been agreed by its Board and shared with SG. This will be published on SE's website.

Lines to take:

[redacted]

2. Provisional Performance Statistics for 2023/24

SE provided the following provisional performance statistics in their letter to you dated 15th May 2024. Once confirmed, these will be published in SE's Annual Report, likely to be in late summer.

- Over 16,800 jobs (strongest performance since measure introduced). New jobs by new inward investors to Scotland is the highest it's been in the last 5 years, with 60% of these jobs coming from the energy transition sector.
- £449m of planned innovation investment.
- £1.89bn planned capex (highest level ever achieved)
- Over £350m growth funding raised by businesses – during a very difficult year for investment attraction globally.
- £2.15bn planned international sales (highest performance since measure introduced 2018/19)
- Over 460k tonnes of CO2 savings by businesses/projects (30% increase on last year)
- At over £2bn, strongest annual planned international export sales performance since the measure was introduced in 2018/19.

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Lines to take:

[redacted]

3. Ministerial Letter of Guidance 2024-25

- Draft strategic guidance had been developed for Ms McAllan's consideration which re-enforces SE's role in delivering a wide range of SG priorities and underlines the importance of full alignment between SE's missions and operating plans, and our priorities. Officials had discussed the themes in the draft letter with SE.
- We are reviewing the draft letter for your consideration, noting that you will wish to decide on its contents.

Lines to take:

[redacted]

4. Budget Allocation 2024-25

- SE's net budget for 2024-25 is £225.322m (including IFRS 16 adjustments) and is allocated as follows: Resource funding - £131.822m; Capital funding - £79m; non-cash - £14.5m.
- In addition, SE will retain its forecast FT income of £20.4m and this will be supported by a further £7m of FT income anticipated from elsewhere in SG. No additional FTs will be provided.
- This represents an overall reduction of 15.2% on SE's budget in 2023-24^[redacted]
[redacted]

Lines to take:

[redacted]

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[redacted]

5. Ask around budget flexibilities

- The Permanent Secretary recently visited SE as part of his PSR engagement. SE expressed the need for further financial flexibilities to ensure more resource is spent on delivering economic development and to enable SE to commit confidently to longer-term, transformational investments and projects.
- Flexibilities requested include, but are not limited to: multi-year financial settlements; budget carry forward; revisions to the Accountable Officer approval process to reflect the enterprise agencies operating models and changes to enable more of the income generated by SE to be re-invested in developing the economy. [redacted]

[redacted]

Lines to take:

[redacted]

6. SE Chair Recruitment

- Lord Smith stood down as SE Chair at end July 2022. There have, to date, been three recruitment rounds for a new SE Chair. [redacted]
- Willie Mackie has agreed to act as interim Chair until the end of December 2024 and his term has been extended to allow this to happen.
- A fourth recruitment round will commence shortly.

Lines to take:

[redacted]

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7. Strategic Investment [redacted] [redacted]

- This included a prioritisation framework for public sector investment to underpin delivery of public sector investment in offshore wind – critical infrastructure and supply chain – and deliver maximum impact nationally. It will ensure we deliver offshore renewables in Scotland at a scale and pace in a way which is sustainable and transformational
[redacted]

- This [redacted] will draw on the appropriate guidance within the Scottish Public Finance Model (SPFM) Business Investment Framework, particularly in relation to Accountable Officer (AO) tests and the need for a comprehensive business case.

Scottish Enterprise position [redacted]

Lines to take [redacted]

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8. Public Service Reform

- SE is aware that we are currently working to refresh NSET and has been involved in the development of the Green Industrial Strategy. It will have a key role in implementing both.
- SE is involved in a number of current reform projects, [redacted]

[redacted]

Lines to take:

[redacted]

9. NSET Re-Fresh and Green Industrial Strategy

- Many of the commitments in NSET have been delivered and we are refreshing it to ensure that it focusses on the priority actions we can take now to deliver fair, green growth

[redacted]

Lines to take:

[redacted]



**Willie Mackie
Interim Chair, Scottish Enterprise**

Willie Mackie is a fellow of the Institute of Bankers in Scotland. He has over 36 years of experience in the financial services sector, including a spell as the managing partner of Clydesdale Bank's private and agriculture customer base across Ayrshire and Arran.

Since establishing his business consultancy in 2013, he has played an active role in supporting and promoting skills and economic development through several non-executive positions. These include Scottish Enterprise Ayrshire (board member), Ayrshire Chamber of Commerce (past President), Ayrshire College (Regional Chair) and Chair, hub South West Scotland Limited.

In 2021 he was appointed to the board of Prestwick Airport where he is also Chair of the Audit and Risk Committee. In 2014 he was appointed to the board of Skills Development Scotland where he is Chair of the Finance and Operational Committee.



Adrian Gillespie CEO, Scottish Enterprise

Previously, Adrian was The University of Strathclyde's first Chief Commercial Officer and member of its Executive Team. He oversaw growth of the University's extensive industry facing activities, centres and relationships as well as the development of innovative, place-based economic development projects including the National Manufacturing Institute Scotland

and the Glasgow City Innovation District.

Before joining Strathclyde, Adrian spent sixteen years at SE where he was a member of the Executive Leadership Team and Managing Director of Operations. He led SE's business support through account management of high growth companies, entrepreneurship development and high growth start-up support, R&D and innovation support, and the Business Infrastructure division. He also held various roles in areas such as the Creative Industries, Digital Media and Enabling Technologies and Energy & Low Carbon Technologies.

During the 1990s he held various commercial and financial management positions within Marks and Spencer plc.