

**MINUTES OF THE SCOTTISH ENTERPRISE BOARD HELD IN EDINBURGH ON  
28 APRIL 2017**

**Present:** Bob Keiller, Chairman  
Lena Wilson CBE, Chief Executive  
Melfort Campbell OBE  
Carmel Teusner  
Willie Mackie  
Gavin Nicol  
Stuart Fancey, Scottish Funding Council

**In Attendance:** Adrian Gillespie, MD Operations, Company Growth, Innovation & Infrastructure  
Linda Hanna, MD Strategy and Sectors  
Paul Lewis, MD SDI and International Operations  
Jane Martin, MD Customer Operations  
Iain Scott, Chief Financial Officer  
Carolyn Stewart, MD People Services  
Karen Hannah, Corporate Support Manager

**Apologies:** Alison McGregor  
Professor Dame Anne Glover

**1 STANDING ITEMS**

**1.1 MINUTES OF THE BOARD MEETING HELD ON 24 FEBRUARY 2017 – SE(M)298**

The Minutes of the Meeting were approved as an accurate record.

**1.2 MATTERS ARISING**

Matters arising had been completed.

**1.3 BOARD COMMITTEE UPDATES**

**Minutes of the Urgent Approvals meeting held on the 20 March –  
SEBUA(M)(17)01**

The Minutes of the Urgent approvals meetings were approved as an accurate record.

**Minutes of the Audit Committee meeting held on the 23 March – SEAC(M)(17)01**

Willie Mackie updated that a positive report had been received from Audit Scotland on SE's Key Controls.

**1.4 CHAIRMAN'S REPORT**

The Chairman welcomed Stuart Fancey to his first meeting as an official SE Board Member. Stuart had been co-opted to the SE Board following Gillian Watson's departure to ensure that the Board remained quorate. The Chairman outlined his thoughts on Board Membership and conveyed that the Board would continue to run

with the current membership until further information on the new Strategic Board was announced.

The Registers of Interest had been circulated to Board Members for review and hard copies would be available for signature later in the meeting. Board Members were reminded that new interests should be notified within a month of appointment.

Members were reminded that the next meeting scheduled for 30th June would be held at the Advanced Forming Research Centre in Inchinnan.

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

Lena Wilson advised the Board that SE had received its first accreditation for ISO 14001, environmental management standard, following implementation of a new environmental management system, and recent year on year reductions in waste, water and utilities usage and increased use of recycling.

Lena had joined the First Minister on a number of company visits during Scotland Week, which included Tesla, Apple, Morgan Stanley and Blackrock. A very successful event had also been held to showcase Scotland's food and drink capability. Lena also took the opportunity to meet with SE staff in Toronto.

An SDI project team was in place, working with sector teams, industry bodies and public and private sector partners to identify options for sectors and locations for additional EU resources. The first of the new appointments had been filled and it was expected that up to 20 posts would be allocated. Lena also advised that the Berlin Hub would initially be located in the UK Embassy.

Board Members were advised that Lena had approved the extension of REIF under CEO delegated authority from 31 March 2017 to 31 March 2018. Additional budget had been provided by the Scottish Government.

Following SE Board approval for Genpact, Paul Lewis had accompanied the First Minister to the official announcement of the new European Delivery Centre. The Project was expected to create 322 new jobs in Glasgow.

Lena provided an update on Fintech, advising that good progress was being made through FiSAB Fintech steering group chaired by Paul Wheelhouse. Linda Hanna represented SE on this group. A strong partnership model was being developed, including, SE, Scottish Government, University of Edinburgh and City of Edinburgh Council. A Business plan was also being developed for the partnership entity, Fintech Scotland, which would drive forward the Action Plan including options around Virtual and Physical Fintech hub. SE was managing this process on behalf of the partnership.

Agreement had been reached with the Alan Turing Institute to work together to support collaborative projects with the industry.

Lena highlighted the opening of the Imaging Centre of Excellence (ICE) at the University of Glasgow, Queen Elizabeth Hospital. The site had an ultra-high resolution MRI scanner, the first of its kind on a clinical site in the UK, and completed a unique suite of facilities with State of art technology for precision medicine, imaging, molecular pathology. SE was working closely with the UoG team to

maximise opportunity with a clear international proposition and project plan to maximise benefit to Scotland.

Keith Brown had announced the TÜV SÜD Limited (NEL) £16m Centre of Excellence for Flow Measurement and Fluid Mechanics during a recent visit. The Centre would play a key role in delivery of the subsea action plan launched earlier this year and, as well as oil and gas, it offered benefits for the food and drink, renewable and aerospace industries.

In relation to Aerospace, SE was supporting the submission of bids to the UK Space Agency for funding to develop UK Spaceports. The deadline for bids was 28 April. Bids were spread across numerous potential inward investors; rocket & spaceplane technologies; and sites across Scotland. This would allow the UKSA, UK and Scottish Governments to identify industry partnerships and funding requirements to make a UK Spaceport a reality by 2020. Decisions on the bids would be announced in June/July.

Lena also highlighted the recent thought leadership piece by Ewan Mearns, SE, which had been broadcast on the BBC. This was the result of an SE-led collaboration looking at implications of automation on sectors and workplaces. Partners included Skills Development Scotland, Scotland Food and Drink and the Construction Scotland Innovation Centre. Outputs from the work were included in a report available from SE's knowledge hub.

Douglas Colquhoun and Linda Murray joined the meeting for this item.

#### **1.6 FINANCE & PERFORMANCE REPORT AS AT THE END OF MARCH 2017– SE (17)12**

Douglas Colquhoun presented this paper which provided the Board with an update on the anticipated outturn position for 2016/17 and information on the timetable for finalising the 2016/17 Annual Accounts.

Audit Scotland would commence the audit on 8 May and the clearance meeting had been scheduled for 16 June. The Accounts would be submitted to the Audit Committee Meeting on 26 June.

Douglas highlighted that the final cash outturn position for 2016/17 would not be established until the consolidated group accounts had been finalised in late May. The analysis included in the paper was therefore based on the projected outturn positions for income and expenditure. The final income forecast for 2016/17 was £301.3m with projected net expenditure of £300.4m creating a headroom range of up to 0.3% of income. The most significant movements on income and expenditure forecasts were highlighted.

#### **1.7 SE PERFORMANCE REPORT 2016-17 - SE(17)13**

Linda Murray presented this paper which provided an analysis of the 2016/17 Performance Report and of the Measures and Milestones within the 2015-18 SE Business Plan. Linda advised that the figures within the report had been committed and were awaiting post year-end validation.

Linda highlighted the strong performance on the measures, with 14 of the 15 being achieved. In particular, the Capex and Inward investment measures had now been achieved due to more projects coming forward and including activities outwith RSA. The *new or active exporters* measure continued to be a challenge and was unlikely to achieve the overall 3 year business plan target.

The only outstanding Milestone was the Brussels Hub opening which was expected to be operational later in the year.

The Board discussed the actions being taken to engage with, and stimulate companies to export and to transition those companies already being supported.

The Chairman, on behalf of the Board, thanked the Executive Leadership Team on the strong performance and results achieved.

## **2. BUSINESS DISCUSSION**

### **2.1 SCOTTISH ENTERPRISE DIGITAL TRANSFORMATION – STRATEGY PAPER & SE DIGITAL TRANSFORMATION 2017 – 2020 – APPROVAL PAPER – SE(17)14,SE(17)14a**

Glenn Exton and Freya Perez joined the meeting to outline the 3 year plan for SE's digital transformation across all areas of the business, operating model and service delivery. Investment of up to £5.5m over the next three years was sought to deliver the digital transformation programme. The key aims of the programme were to build capacity across SE's operations to ensure face to face time is spent on the most complex challenges and opportunities to stimulate growth and; to make it simpler and easier for customers to do business with SE.

Glenn outlined the transformational nature of the programme both internally and for SE's customers. Glenn also provided an example of some of the work being undertaken in relation to grant management, highlighting the ambition to reduce the time and resource involved, and explaining the process using customer experience to test each stage.

Members acknowledged the ambition and benefits, commending the programme as progressive and bold. The Board was assured by the careful forward planning and buy-in from leadership and staff across the organisation to ensure successful business transformation. Risks had been carefully analysed and mitigating actions in place.

The Board approved the project.

## **3. FOR APPROVAL**

### **3.1 LIGHT – WEIGHTING CENTRE – SE(17)15**

Melfort Campbell and Gavin Nicol declared an interest. However, it was decided that there was no conflict. Both members remained in meeting.

Gordon Venters and Stephen Baillie joined the meeting to seek approval for expenditure of up to £7.322m (no VAT) to establish a new Light-Weighting Centre (LWC) to be operated by the Advanced Forming Research Centre (AFRC). Together with previous development funding of £72k, SE contribution would comprise up to

£3.3m for the cost of equipment and a further £3.95m for the start-up, sub-lease, building, and fixed operating costs. An additional allocation of £3.95m had been confirmed from the Scottish Government for this project.

Gordon highlighted that the new capability at LWC would enable AFRC to support companies to develop next generation lighter weight products that would give them a competitive edge in a global market place. The project would not take place in Scotland without SE support and would give Scotland a global capability. Once established, the facility would be central to new collaborative R&D projects leading to significant economic benefits. Approval of the project would also allow an immediate opportunity to be captured.

The Board commented that this was an exciting opportunity and the project was approved.

### **3.2 ABERDEEN HARBOUR NIGG BAY EXPANSION – SE(17)16**

Allan McQuade and David Rennie attended the meeting for this item. Approval of up to £11,700,000 (inc. VAT) was requested towards the development costs for the Aberdeen Harbour Nigg Bay Expansion project, bringing the cumulative funding to £12,957,000 (£1,257,000 of previous funding was approved in 2015). Funding would be in the form of a grant. Approval was conditional on confirmation of new 'Investment Aid for Maritime Ports' state aid regulations coming into effect.

David highlighted the current constraints for the harbour and outlined the benefits and opportunities at a European and global level which would be unlocked by the expansion. Alan provided further insight into the background to the current funding requirement

The Board acknowledged the strategic importance of the project and this was approved.

### **3.3 REBALANCING R&D TO STRENGTHEN THE TECHNOLOGY BUILDING BLOCKS OF THE FUTURE – SE(17)17**

Jim Watson, Jane Pollock and Andrew Ingram joined the meeting to seek a contribution of up to £6,970,000 towards a 36 month R&D project proposed by a company. The recommended expenditure represented a contribution of 20% towards eligible R&D project costs of £34,260,000, and 17% towards total project costs of £40,443,000.

Jim Watson outlined the company background and its strategic importance within the industry. The project represented a significant opportunity for the Scottish site to consolidate its strategic position and to secure its presence in Scotland until January 2023.

Jane Pollock highlighted the strong relationship that SE has fostered with the company over recent years. SMAS had assisted the company in a previous supply chain project and recommended the company as an example of best practice. The importance of the project to the next stage of the company's growth plans was highlighted.

The Board was very supportive of the project and this was approved.

### **3.4 FRAUNHOFER CENTRE FOR APPLIED PHOTONICS (F-CAP) PHASE 2 – SE(17)18**

Jon Moore and Abu-Zar Aziz joined the meeting to seek approval for a contribution of up to £5.29m towards the £7.840m 5 year core operating costs of Phase 2 of the Fraunhofer Centre for Applied Photonics (F-CAP). SE net contribution was £2.645m with match Scottish Government funding of £2.645m, to be managed by SE. Previous SE support for F-CAP and project development funding of £30k brought cumulative approval to £7.54m.

Jon explained the funding model for the Fraunhofer centres and the key future focus of securing increased income levels from industry. SE assistance with the next phase of core funding would support F-CAP's progression towards realising the funding model, applying this enabling technology to other sectors and attaining a balanced portfolio of projects.

Jon also highlighted that an independent evaluation found that F-CAP was regarded by Scottish photonics companies as the focal point for the cluster, the R&D partner of choice and an important factor in their on-going decisions to continue to invest in Scotland.

The Board was supportive of the project and this was approved.

### **3.5 BOARD REGISTER OF INTERESTS ANNUAL REVIEW – SE(17)19**

Board Members reviewed the updated Register of Interests and confirmed that, subject to the standard Declaration of Interest procedures being followed as required, the potential conflicts recorded were reasonable.

Members signed and returned their individual registers for record purposes.

## **4. PAPERS FOR INFORMATION**

The following information papers were noted.

<b>4.1</b>	<b>Global Footprint of Key Companies in Scotland &amp; Global Export Markets For Scotland's Key Sectors</b>	<b>SE(17)20</b>
<b>4.2</b>	<b>Notification of New Interest</b>	<b>SE(17)21</b>
<b>4.3</b>	<b>Health &amp; Safety Update</b>	<b>SE(17)22</b>
<b>4.4</b>	<b>Global, UK and Scottish Economic Commentary</b>	<b>SE(17)23</b>
<b>4.5</b>	<b>Approvals Within Delegated Authority</b>	<b>SE(17)24</b>
<b>4.6</b>	<b>Testimonials &amp; Complaints</b>	<b>SE(17)25</b>
<b>4.7</b>	<b>Forward Events and Summary of past Events</b>	<b>SE(17)26</b>

## **5. ANY OTHER BUSINESS**

The Chairman highlighted that there was the possibility of a project coming forward within the next few weeks seeking urgent approval by the Board.