

**MINUTES OF THE SCOTTISH ENTERPRISE BOARD HELD IN GLASGOW ON  
8 DECEMBER 2017**

**Present:** Bob Keiller, Chairman  
Paul Lewis, Interim Chief Executive  
Carmel Teusner  
Alison McGregor  
Stuart Fancey  
Melfort Campbell OBE  
Professor Dame Anne Glover

**In Attendance:** Adrian Gillespie, MD Operations, Company Growth, Innovation & Infrastructure  
Jane Martin, MD Customer Operations  
Iain Scott, Chief Financial Officer  
Carolyn Stewart, MD People Services  
Linda Hanna, MD Strategy and Sectors  
Neil Francis, Interim MD, SDI  
Rhona Allison, Director, Operations, Company Growth, Innovation & Infrastructure  
Karen Hannah, Corporate Support  
Mary McAllan, Director of Economic Development, Scottish Government  
Fiona Dewar, Observer

**Apologies:** Gavin Nicol  
Willie Mackie

**1 STANDING ITEMS**

The Chairman welcomed Mary McAllan and Fiona Dewar to the meeting and apologies were noted. A welcome was also extended to Neil Francis and Rhona Allison to their first Board Meeting. This was Adrian Gilliespie's final Board Meeting and the Chairman, on behalf of the Board, conveyed his thanks to Adrian for his outstanding contribution over the years and wished him luck in his new role.

**1.1 MINUTES OF THE BOARD MEETING HELD ON 26 OCTOBER 2017 – SE(M)302**

The Minutes of the previous meeting were approved.

**1.2 MATTERS ARISING - SE(302)(MA)**

The matters arising were noted. The outstanding actions attributed to Adrian Gillespie would be transferred to Rhona Allison.

**1.3 CHAIRMAN'S REPORT**

The Chairman updated members on progress with the recruitment of SE's new CEO. The post had been advertised and interviews were expected to be held in January. Ten applications had been received to date.

Three new members of the SE Board were also being sought and a date for the initial planning meeting to progress the recruitment round was anticipated prior to Christmas.

The Chairman provided a brief overview of key meetings/events he had undertaken throughout November, including; meetings with Nora Senior, Chair of the Strategic Board and with Chairs of the other agencies.

#### **1.4 CHIEF EXECUTIVE'S REPORT**

Paul Lewis acknowledged the successful career that Adrian Gillespie had with SE and wished him luck in his new role with Strathclyde University.

Paul had returned from a very successful visit programme with the Deputy First Minister and a number of University Principals in India which had focused on education. The DFM and Principals were very supportive of greater international collaboration in the Education sector.

The Board was advised of a potential off-line approval prior to the February Board, likely to be required end January.

The First Minister was scheduled to announce the location of the National Manufacturing Institute for Scotland (NMIS) at an event hosted by Strathclyde University at Inchinnan, Renfrewshire on Monday 11 December. The industry-led centre for manufacturing expertise would help make Scotland globally competitive in advanced manufacturing, helping companies across Scotland to embrace new manufacturing techniques, support cutting edge research and help further develop the skills of Scotland's workforce. Paul thanked Linda Hanna and the team for all of their efforts in realising this opportunity.

Paul updated the board on progress with the Meygen project, advising that all four turbines were now operational and producing electricity for the grid. All conditions of the approval in June 17 had been completed.

Since the launch of the Can Do Innovation Fund on 7 November by Minister, Mr Wheelhouse, 43 submissions had been received from the public sector. The first five challenges had been selected for funding and promotion to companies. There had been a high level of interest already for the next call in January.

On Tuesday 21 November, the UK ONS released the latest UK wide BERD statistics for 2016. Paul was pleased to report that these showed Scotland's innovation and BERD performance increasing significantly, breaking through £1bn BERD investment figure for the first time, representing a 12.4 per cent increase.

Paul informed the Board of two high growth ventures supported companies which had recently successfully raised significant investment and represented two of the largest seed rounds by Scottish start-ups: Cognitive Geology and Bird.i.

As part of SE's Tourism Destinations activity, ETAG held the hugely successful "Digital Solutions for Tourism Conference" in October which brought together experts from Edinburgh's tourism and technology industries to learn from each other, collaborate and innovate with a focus on digital and data driving innovation. It also showcased winners of the Edinburgh Tourism Innovation Challenge – a three day "hackathon" exploring the use of big data for the tourism sector, delivered in

partnership with SE, The DataLab, Skyscanner, FestivalsEdinburgh and Historic Environment Scotland.

Paul provided an update on the Scottish National Investment Bank, advising that recommendations from the Advisory Group were expected by the end of December. The Bank would be established to focus on key gaps in the funding landscape in the Scottish economy.

The first call for R&D proposals for the Subsea International R&D platform which had been jointly launched by SE and Nippon Foundation had been announced earlier in the week.

Linda Hanna provided an update on progress following the recently launched UK Industrial Strategy. Work was ongoing with industry leadership groups and partners to look at how this could be optimised for Scotland. A fuller update would be provided at the Board meeting in February. The first of the announcements was the Life Sciences Strategy earlier in the week and SE would support this.

Alan Maitland and Linda Murray joined the meeting for the following two agenda items.

#### **1.5 FINANCE & PERFORMANCE REPORT AS AT THE END OF OCTOBER 2017– SE(17)69**

Alan Maitland provided an update on SE's financial results for the period to the end of October 2017 (Period 7) and the details of the final re-based Business Plan approved by the SE Board in October.

Alan highlighted some marginal adjustments to the base plan and reported that a potential additional net income of £3.4m had been identified since the re-basing with £1.2m already received/confirmed. This had been due to some revised assumptions and additional income from disposals.

There were still a number of risks within the re-based plan, particularly in relation to the value of property disposals still to be concluded and on EU income eligibility. It was expected that the potential outcome on a number of these risks would be better understood by the end of November. Consequently, it was proposed that the potential additional income of £3.4m was not released for further investment until the income and expenditure forecasts were refreshed and a clearer view established in January.

The draft budget was scheduled to be announced on 14<sup>th</sup> December.

#### **1.6 PERFORMANCE REPORT FOR THE PERIOD ENDED OCTOBER 2017 - SE(17)70**

Linda Murray presented an update on in-year performance for the period ended October 2017 and a summary of overall performance against the 3-year business plan target ranges.

Since the last update, the target for 'number of companies developing their leadership through SE support' had been achieved, taking it to nine measure ranges achieved. A further five were on track with two measures forecasting they would not be achieved: 'businesses supported to improve financial readiness', which was

expected to miss the 3-year business plan target range by only 1% and 'Planned additional turnover from innovation'. The measure 'Entrepreneurs increasing their capacity to create early stage ventures' was now anticipated to come in at bottom of the range.

In relation to the milestones; six were amber, six were on track and five had been met. Two milestones had slipped: Joint strategy with VisitScotland and Fintech Innovation, and were expected to complete in Q4.

The Board reflected on performance vs investment and noted that in some areas resources had been increased in recognition of demand. In general, measures had increased year on year over the 3-year period apart from the exporting measure, where slippage had occurred due to the market. A retrospective assessment was currently being undertaken to identify lessons learned to inform future measures.

Alan Maitland left the meeting.

## **2. FOR DISCUSSION**

### **2.1 SE BOARD STRATEGY DISCUSSION AND BUSINESS PLAN - SE(17)71**

Linda Hanna introduced this paper which summarised the key themes from the 2017 SE Board Strategy Discussion and outlined a proposed structure for SE's Business Plan.

The Board noted that planning work was ongoing in collaboration with Scottish Government, HIE, SDS and SFC to develop planning approaches and opportunities for greater alignment. It was recognised that the Strategic Board would produce strategic guidance which would be incorporated into SE's future business plan. It was proposed, therefore, that a transitional 1 year plan for 2018-19, during which the frame set by the Strategic Board will be more fully formed, is produced.

The Board agreed to the publication of a 1 year plan for 2018-19 and requested clear narrative to reflect that SE was continuing to plan for the longer term.

Paul Lewis provided an outline for future focus for SE.

Linda Murray left the meeting.

## **3. FOR APPROVAL**

### **3.1 DISPOSAL OF CONFERENCE HOUSE, EDINBURGH - SE(17)81**

Allan McQuade and Paul Wedlock joined the meeting to seek approval for the sale of the multi occupancy office building: Conference House, Edinburgh to Raag Edinburgh Limited for £7.5m (exc. VAT), a joint venture between Queensway Group and Wellcome Trust who intend to convert the existing office space into a 140 bed budget hotel to be operated by Point A Hotels.

The Board queried the downturn in price since the acquisition in 2008 and Allan explained that the market conditions at that time, together with the subsequent drop in market and increasing age of the building was reflected in the current market value.

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

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

The following information papers were noted.

##### **4.1 Strategic Evaluation of International Activities, 2017 SE(17)80**

This paper provided a summary of the evaluation's key findings, SQW's recommendations, and action plan areas.

The Board acknowledged the very positive results and thanked Neil Francis and the team for all of their efforts.

##### **4.2 General Data Protection Regulation (GDPR) SE(17)73**

This paper informed the Board of the change programme underway to help SE prepare for the introduction of the General Data Protection Regulation (GDPR).

##### **4.3 Scottish Government Energy Strategy SE(17)74**

This paper presented a summary of the key themes in the draft strategy, SE engagement with Scottish Government and SE's understanding of the content of the final Strategy likely to be published on 20 December.

The following Standing Information papers were noted.

##### **4.4 Health & Safety – October 2017 Update SE(17)75**

##### **4.5 Global, UK and Scottish Economic Commentary SE(17)76**

##### **4.6 Approvals Within Delegated Authority SE(17)77**

##### **4.7 Testimonials & Complaints SE(17)78**

##### **4.8 Forward Events and Summary of Events in past month SE(17)79**

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

Anne Glover advised that she would be leaving the University of Aberdeen at the end of January 2018.

**Karen Hannah  
Corporate Support**