

**MINUTES OF THE SCOTTISH ENTERPRISE BOARD HELD ON FRIDAY 05 DECEMBER 2025 IN ONE BIOHUB, ABERDEEN**

**Present:** Professor Sir Jim McDonald  
Adrian Gillespie, Chief Executive  
Dr Poonam Malik  
Dr Sue Paterson  
Professor Gillian Murray  
Raymond O'Hare  
Professor Richard Williams  
Graham Soutar  
Professor Stephen McArthur

**In Attendance:** Jane Martin, MD, Innovation and Investment  
Gill McNeill, Chief People Officer, People, Digital and Communications  
Kerry Sharp, Chief Finance & Investment Officer  
Reuben Aitken, MD, Energy Transition and International Operations  
Rhona Allison, MD, Productivity and Business Growth  
Colin Cook, Scottish Government  
Karen Hannah, Corporate Office

**Apologies:** Karthik Subramanya  
Richard Rollison, Scottish Government

**STANDING ITEMS:****1. ONE BIO HUB Introduction**

The Chair welcomed Deborah O'Neil, CEO and Founder of Novabiotics.

Deborah welcomed attendees and provided an overview of ONE's ongoing commitment to unlocking the potential of the Life Sciences (LS) sector and commercialising innovation. She highlighted the pivotal role played by the ONE team, Life Sciences board, and partners in driving substantial progress over the past nine to ten years. The completion of the BioHub facility in 2023 was noted as a significant milestone, offering commercial space for start-ups and NHS tenants, many of whom are already making an impact, attracting further investment and creating high-value employment opportunities.

Scottish Enterprise was recognised as an exceptional partner, contributing £2 million towards the BioHub's completion and supporting companies through collaborative programmes with Innovate UK and universities. Looking ahead, Deborah outlined plans for the next phase of BioHub development, including further expansion to accommodate more tenants, thereby sustaining the successful operating model. She emphasised the importance of impact and diversification within the Life Sciences sector, aligning with national and UK strategies. The BioHub stands as a strong example of effective public-

private partnership, and Deborah expressed hope for continued acceleration and sector growth.

The Chair thanked Deborah for the introduction and overview.

Conflicts of interest were sought and none declared.

## **2. Minutes of the meeting held on 31 October 2025 – SE(M)356**

The minutes of the previous meeting were approved.

## **3. Matters Arising – SE(346)MA**

It was noted that all actions were in progress. Adrian advised that the Board Strategy Session in February would be held at Grangemouth.

A further Board visit to Aberdeen the following year was also proposed.

## **4. Board Committee Updates/Minutes**

### **4.1 Urgent Board Approval, 6 November 2025 – SEUA(M)(25)06**

The minutes of the urgent Board were approved. Adrian updated that legal work was due to complete in February/March with an announcement scheduled once contracts were in place. The project had been well received locally, and it was proving to be a good partnership.

### **4.2 Audit & Risk Committee, 11 September 2025 – SEAC(M)(25)03**

The Minutes of the meeting were noted.

### **4.3 Audit & Risk Committee, 26 November 2025 – Verbal Update**

Graham provided an update on discussion at the meeting:

- **Financial Reporting:** The Committee discussed financial reporting for subsidiaries and associated undertakings, including Scotland Europa, and noted the intention to reduce the number of subsidiaries. The audit timetable remains unchanged from the previous year.
- **Growth Valuations:** A downward adjustment of £47 million was made to the portfolio's half-year valuation, reflecting challenging trading conditions. A further reduction of £29.6 million is anticipated, with a continued focus on income generation.
- **Internal Audit:** The internal audit on counter fraud provided moderate assurance, with a comprehensive framework of policies in place. The Committee highlighted the increasing legislative environment and the need for robust processes. Other audits included the Grangemouth project, and public bodies climate change.
- **Cyber Security:** A gap review of cyber security maturity was undertaken, involving EIS, SDS, and SE, to ensure completeness. The risk register was updated, merging cyber security and business continuity. The Azure migration remains pending due to ongoing EIS strategy development, with Graham and Raymond maintaining oversight.
- **Policies:** The Fraud Policy and Whistleblowing Policy were both updated and approved by the Committee.

- **Operational Updates:** The Windows 11 upgrade project is nearing completion, with a slight delay affecting the final 15% of users, expected to conclude by year-end. The Gillies report was reviewed, and the Committee commended the organisation's open and constructive culture.
- **Board Effectiveness:** The effectiveness survey review will inform the upcoming Board effectiveness survey.
- **Risk Appetite:** The Committee undertook a deep dive into risks outside of appetite, noting that finances remain central. Systems and reporting are in place to ensure ongoing monitoring and mitigation as far as possible. The suggestion was made to provide cyber training for the Board.
- **Financial Crime:** The Committee confirmed that financial crime is addressed within the organisation's fraud policies, with controls in place to detect and manage such risks.
- **Other Matters:** The Committee discussed the importance of risk appetite, with further discussion planned for the upcoming Strategy Session. Increased engagement between non-executive and executive members was encouraged, including potential external speakers, particularly on cyber security.
- The Audit & Risk Committee minutes would be circulated to members for approval for inclusion in the subsequent Board meeting pack.

## 5. Chair's Report

Sir Jim updated that he had held one to one discussion with all Board members, with some good ideas being generated from discussion.

The *All Colleague Event* held had been very well received and the Chair congratulated the CEO, Executive Team and the teams involved in delivering the session.

The Chair updated on recent meetings over the past 2 months, which included:

- **Scottish Energy Advisory Board:** discussion focused on the low carbon energy transition, noting that the next 6 months was critical to progress. A discussion on the skills arena in Scotland was also a key focus.
- **Deputy First Minister:** Positive discussions focused on finances and Defence.
- **Glasgow Leadership Board:** attended by Douglas Alexander, Kate Forbes and Susan Aitken, the discussion focused on UK and Scottish Government funding around regional economic policy. Adrian and Jane were leading on this work.
- **GB Energy Roundtable:** Chaired by Juergen Maier, with representatives from universities, catapults and SNIB, with an announcement of £1b into supply chain development. SE will have a role to play.
- **Tom Hunter:** Sir Jim reported on a positive meeting and willingness to work with SE
- **Colin Cook and Gregor Irwin:** updates were provided on these regular catch up meetings.

The Chair updated on Board recruitment, with over 100 applications received, and 15 candidates progressing to interview. It was agreed to appointment five Non Executive Directors to the Board, to commence on 1 January 2026.

## 6. Chief Executive's Report

Adrian advised that SE's Fit for the Future proposal had been submitted to Scottish Government, the senior leadership team had been briefed and was positively received.

The Voluntary Severance package had been approved by Scottish Government and would now be progressed.

Adrian thanked the Board for their attendance at the All Colleague Event which had been very successful, with 903 attendees and very positive feedback. The customer sessions in particular were very inspiring. The Board commented very positively on the energy and engagement of the event and asked that their congratulations were conveyed to the teams involved.

The ERP (new HR and Finance system) contract had been signed with Workday to supply the new system. Consultation had been held with Scottish Government, and a meeting held with the UK MD for Workday. The new system will have AI embedded throughout with an aim to implement in early 2027/28.

Microsoft copilot had also been rolled out to all colleagues across the organisation. Uptake had been overwhelming, with over 900 people using it in the first week with good innovation already evident. Best practice and learning from others were being actively shared and reports from the pilot stage had highlighted that colleagues were saving approximately five hours per month.

Adrian highlighted a few points in advance of discussion on the Finance report, advising that positive discussions were ongoing regarding financial flexibilities. The accelerated deadline for the Spring Budget Revisions (normally January) had been challenging, resulting in commitment to projects at a very early stage and potential risk of an underspend. It was unlikely that confirmation of 2026/27 budgets would be received until mid-January, adding further planning uncertainty. There had been no early indications from Scottish Government other than CDEL, RDEL and FT all under pressure and the potential to see reductions in both RDEL and CDEL and potentially no FTs.

Following discussions with the Deputy First Minister on the new defence policy and varying views on its practical implementation, a further meeting was convened at which clarity on policy intent was provided. This clarification has narrowed the scope to companies engaged in military trading that are knowingly exporting to the excluded countries. The policy also applies to supply-chain companies only where they are knowingly supplying goods or services to support military trading with an excluded country for that specific purpose. Further work will continue to identify and manage any potential implementation.

Sir Jim recorded his thanks to the Deputy First Minister for convening the meeting.

Adrian provided an update on current projects/companies:

- At the **Glasgow State of the Economy Conference** (28 Nov), the FM announced plans for legislation to give regional partners more powers and devolved competencies in areas such as skills, economic development, and planning, if elected. SE had not received advanced notice of this announcement. Scottish Government is providing £400k this year to support new regional structures and plans.
- **Prestwick airport:** with the sale of Prestwick Airport falling through, Adrian met with the Deputy First Minister, Willie Mackie, Prestwick Airport Chair, Scottish Government officials and Ryanair's CEO to pursue a significant Maintenance and Repair Operation (MRO) opportunity. The project would come forward for Board consideration in January 2026.
- **Orbital Marine Power:** following approval by the SE Board in October, a further £1m grant had been secured from Highlands and Islands Enterprise.

## **7. Finance Report as at end of October 2025 – SE(25)75**

Rachel Ducker joined the meeting to provide a review of the financial position to October 2025 (Period 7) and an update on the latest full-year forecast for 2025/26.

Rachel outlined continued engagement with Scottish Government on additional budget or flexibility with no decision yet made. It was expected that budget pressures would be worse for the next financial year. An additional challenge was highlighted in relation to the deadline for Spring Budget Revision (SBR) which had been brought forward this year and which meant that SE had to accept transfers for relatively early stage projects, which increased the risk of under-spend should these not progress.

An overview of the outturn position showed a marginal underspend of £0.1m in RDel, with CDEL and FT balanced. Key changes included a decrease in income by £5.4m, notably Grant in Aid from Scottish Government has increased by £7.8m mainly as a result of new CDEL transfers agreed during SBR, listed shares decreased by £14.2 and only £50k remaining to be sold in the current year. Other Income (investment exists) forecast remains at £12m, but £6.7m of this is based on judgement and looks increasingly unlikely to materialise given market conditions. On C-Del there was a risk due to delayed grants and investments, with backloading remaining significant.

Expenditure to date was £117.7m slightly ahead from last year. Colleagues were being asked to accelerate spend where possible to reduce the risk on the C-Del budget.

The Board was asked to note the financial positions, key risks and ongoing actions.

The Board discussed the need for a clear hierarchy of priorities, especially if significant new funding requests arise. It was confirmed that projects without legal obligations or commitments would be reviewed first, and an ordered list of priorities will be established for the coming year. Current financial headroom is sufficient, but additional large requests may be unmanageable.

It was noted that there is greater flexibility in the capital budget due to the option of selling listed shares, which is not available in the revenue budget.

Persistent issues with backloading were discussed, attributed to market conditions and the nature of transformational projects. While some progress has been made, backloading remains significant and is expected to continue unless there is flexibility to carry budgets over to subsequent years.

Concerns were raised that a lack of financial flexibility could impact organisational effectiveness. The importance of securing decisions on financial flexibilities with the Scottish Government was emphasised, and it was noted that this is a key topic in ongoing discussions.

The Board was informed that all planned listed shares for sale this year have been sold. Remaining shares will not be sold this year as the income is not currently required, but may be needed in the next financial year.

### **FOR DISCUSSION/APPROVAL:**

## **8. Company Investment and Grant – SE(25)75**

Derek Shaw, Jan Robertson and Craig Waterson joined the meeting to seek approval for up to £11.48m of additional funding (£6.23m repayable R&D grant and £5.25m

investment), as part of a £16.73m package, provided under Sections 8(1)a(i) & (ii) of the Enterprise and New Towns (Scotland) Act 1990. This would increase Scottish Enterprise's cumulative approval to £37.29m. Approval is required from the SE Board, the Scottish Government Accountable Officer (AO) as the grant is funded from the Grangemouth Just Transition Fund), and Scottish Ministers. The AO approval process is progressing in tandem with SE's approval.

Derek confirmed that rigorous financial and technical due diligence was undertaken, technical diligence indicated that the project is well designed and the timelines, though challenging, are credible. Commercially, the company is well positioned with few direct competitors and established customers in the supply chain. Risks remain in areas such as land agreements and contract progress, which must advance in parallel.

The economic case is strong, with success expected to deliver new jobs and enable commercialisation.

The Board sought further information on accountability of delivery, technical due diligence, market and quality of product. It was noted that funding will be released in tranches, subject to achievement of technical milestones and robust terms and controls, including quarterly independent reviews. Separate technical due diligence had been undertaken, looking at the company's journey to date and it was recognised that while there were risks, it was believed that the company's timescales were achievable. The quality of the product was not an issue and was likely to achieve a level required for the market. The team confirmed that there is a market but previously the company hadn't been able to produce at volume.

The importance of securing intellectual property for Scotland's future was emphasised, alongside aligning with other investors and ensuring sufficient flexibility to pivot if milestones are not met.

The Board agreed to approve the proposed funding package, subject to the outlined conditions and ongoing engagement with stakeholders.

Sir Jim offered support with engagement with the company via a Chair to Chair discussion and/or with the company's private investors if required.

## **9. Briefing on North East Energy Transition and Economic Diversification**

Suzanne Sosna and Jamie Bell joined the meeting to provide an overview of the opportunities and challenges for the energy transition in the North East, and SE's role.

The North East's historical economic strength, particularly in oil and gas (O&G), which has contributed significantly to earnings, exports, and job creation, with one in three jobs energy-related. O&G has also supported other sectors including hospitality, housing, transport, and financial services, with supply chains extending across Scotland and the UK. Regional partners are developing an economic strategy focused on energy transition, taking account of other key sectors such as food and drink, life sciences, and digital technology, all underpinned by a strong skills base and innovation.

However, the region faces challenges due to a decline in O&G and slow growth in renewables, resulting in economic stagnation. There is a need for high-value jobs, skills, and companies to facilitate a successful transition. The longer-term forecast indicates a pivotal turning point for the North East economy.

Headlines shared by Suzanne highlighted accelerated O&G decline, attributed largely to the Energy Profits Levy (EPL), which is set at 78%—the highest globally except for

Norway. Despite some recent positive announcements, the impact on Tier 1 and Tier 2 energy companies remains significant. The ambition is for the North East to become a global hub for renewable energy, leveraging considerable strengths in skills, universities, and infrastructure. However, the renewables sector is not yet progressing fast enough to replace O&G, with grid constraints, funding mechanisms, and market uncertainties hindering inward investment. Early signals from AR7 results are discouraging.

Scottish Enterprise (SE) support was outlined, including initiatives at Fraserburgh Harbour, Peterhead, and the Energy Transition Zone (ETZ) in partnership with stakeholders. Data from published measures indicate the North East accounts for 10% of the Scottish economy in terms of jobs, with innovation, international and capital tracking higher than average.

The Chair thanked Suzanne and Jamie for the overview and insights which were a good pre-cursor for the customer and partner session, attended by representatives from ports, chambers of commerce, industry, and business.

#### **10. Ambition 28: Fit For Future Operating Model Framework – SE(25)76**

Gill McNeill provided an update on Phase 1 of the Fit For Future Operating Model Framework. The programme is designed to drive efficiency and transformation, using the opportunity to develop a streamlined operating model focused on the Missions and the 3is.

Phase 1 will commence early in the new year, with work underway to review Managing Director portfolio changes. A fuller update on leadership priorities will be provided at a future meeting. The focus is on reducing management layers and broadening spans of control. Digitisation of products and services is prioritised to safeguard and focus on front-line staff and specialist roles, enabling increased face-to-face engagement. The scheme is not intended to generate immediate cash savings, as there is no additional funding for staff exits; significant financial benefits are not expected for several years.

The Board discussed the transformational timeline and the scale of change, noting the positive momentum and the opportunity to leverage technology in subsequent phases. Messaging to staff has been constructive, emphasising the need for organisational change and Board support. The importance of work-based solutions and clear communication was highlighted to maintain motivation and engagement. It was acknowledged that, while the organisation will be smaller, its impact is expected to increase. Cultural change and risk-taking were identified as key factors for future success.

Adrian commended the executive team and Gill's team on progress to date, recognising the challenge for leadership in implementation. Leadership expectations will be reset, with greater demands placed on G3 and G4 roles.

The Board confirmed its support for the programme and stands ready to assist.

#### **11. Glasgow Science Centre – SE(25)77**

Kerry Sharp introduced the paper which outlined the background, ownership, performance, and financial challenges of the Glasgow Science Centre (GSC).

The Board considered previous options and agreed with the recommendation to submit a formal request to the Scottish Government to assume ownership of GSC. Colin Cook shared the view that this was a significant national asset, however, he also agreed it was

not core to SE's missions. A review was being taken of similar assets, however, finding an alternative solution by end March 2026 was a risk.

Board members expressed strong support for the proposed course of action, noting that the Science Centre is not core to SE's missions and that alternative solutions must be explored by the end of March, given the financial constraints. The Board acknowledged the educational value of GSC but agreed that SE should not be responsible for its ongoing funding.

The Board formally approved the proposed course of action.

**FOR INFORMATION:**

The following papers for information were noted:

- 12. Notification of New Interest – SE(25)78**
- 13. Measures Update – SE(25)84**
- 14. Policy Radar – SE(25)85**
- 15. Economic Commentary – SE(25)85**
- 16. Key Performance Facts – SE(25)80**
- 17. Approvals Within Delegated Authority – SE(25)81**
- 18. Testimonials & Complaints – SE(25)82**
- 19. CEO & Chair Summary of Key Activity – SE(25)83**

**20. AOB**

Jim expressed his gratitude to Poonam, Sue, and Karthik for their dedicated service as long-serving Board members. He acknowledged their significant contributions and assistance during the transition from the current Board to the new Board, and extended his best wishes for their future endeavours.