

**Scotland CAN DO Business Innovation Forum
28 November 2017 - 10.00-12.30
Minutes**

1. Welcome

The Chair opened the meeting, thanked everyone for attending, and after noting the apologies, invited round table introductions, (Annex A)

2. Scene Setting

The Chair gave an overview of the history of the Forum. He noted the role of the preceding Scotland CAN DO Innovation Forum in developing the [Innovation Action Plan](#) (IAP) which helped define key policies and contributed to the Enterprise and Skills review. These policy documents set a clear agenda that sets business innovation at the heart of Scotland's economic ambitions and outlines activities that will take us there. The work of the previous Forum was noted to be instrumental in generating these policies. It was highlighted that the recently published Business Enterprise Research & Development (BERD) spend for 2016 was over a billion pounds; the highest since records began in 2001. The number of Scotland's innovation-active businesses also increased positioning Scotland in the top quartile of EU member states¹.

The Chair noted that this is great news for Scotland's economy, however there is still a lot of work to be done to realise ambitions; 56.4 per cent of Scottish enterprises consider they innovate, but the remaining 43.6 per cent don't. The IAP is ambitious and it is essential to maintain progress to ensure that we support and motivate businesses to use innovation effectively. This forum has a vital role to play in monitoring activity as well as identifying future opportunities where Scotland can lead.

3. Update on Innovation Activity

Richard Rollison gave a short presentation on recent innovation activity. To ensure an open and transparent process, copies of the presentations will be published online alongside the minutes. Some key points to note from each of the priorities included;

- **Directly encourage more business innovation;** an extra £45m to SE for cross-Scotland R&D grant support in place over next 3 years, Highlands and Islands Enterprise in collaboration with Interface and Business Gateway created a 'single front door' for business innovation support with 520 businesses assisted over last 18 months, and the Scotland CAN DO Scale (Summer School and coordination) was continuing.

¹ The UK Innovation Survey (UKIS) is part of the wider Community Innovation Survey (CIS) covering EU countries. The latest results are based on the ninth iteration of the survey (CIS9), carried out in 2015, covering the period 2012 to 2014.

- **Public sector needs and spend to catalyse innovation**, included the Scotland CAN Do Innovation Fund of £9.2m has been launched and the 1st call received 43 applications and funded 5 projects.
- **Sectors and Places**, activities include; the Highland Can Do Health Pilot focussing on active patient monitoring of inflammatory bowel disease, the new Make Innovation Happen service will provide food and drink business in Scotland that are looking for information and support with a simplified, single access route to help them innovate, and the £16m Northern Innovation Hub planned for February 2018, will focus on four key industry sectors and will encourage the adoption of new technologies and create more opportunities to attract and retain young people.
- **Research knowledge and talent** activities include, Innovation Scotland Forum Action Plan, Universities Innovation Fund and £500k College Innovation Fund. An independent review from BiGGAR Economics Ltd estimates that to date collaborative projects supported by Interface have enabled Scottish businesses to generate £64.2m gross value added (GVA) a year for the Scottish economy and that this activity annually supports around 1,060 Scottish jobs.

Richard stressed that it was important to maintain momentum and work with the Forum on raising businesses ambition, creating demand for innovation, developing appropriate marketing to help change behaviour and that the Forum's leadership, support and challenge was essential. He ended by quoting the First Minister's ambition that "*Scotland should be the inventor and producer of the innovations that shape the future, not just a consumer of them.*"

4. Industrial Strategy and Opportunities for Scotland

Kevin Baughan provided a short presentation on the UK Government's recently published [Industrial Strategy](#) as well as recent developments from the UK Budget. Key points to note included;

- **Extra Investment**
There will be an extra investment of £2.3bn in 2021/22, raising total public investment in R&D to £12.5bn in that year alone.
- **The Industrial Strategy**
Announced on 27 November 2017 this announced 4 challenge areas where the UK has key strengths; artificial intelligence and the data economy; clean growth; healthy ageing; and the future of mobility.
- **The Industrial Strategy Challenge Fund**
Wave 2 of the Industrial Strategy Challenge Fund (ISCF) will be informed by these challenges, e.g. Medicines Manufacturing, Next Generation Services (AI & ML), and Transforming Construction (productivity) to which £170m has been assigned.

Kevin stressed that progress was swift and there would be calls for expressions of interest soon with Wave 2 ramping up in April 2018 and that activity was underway on the 3rd Wave of challenges.

5. Q&A

Kevin advised that the Challenges would be run on the Defense Advanced Research Projects Agency (DARPA) model with each led by an Interim Challenge Director from Industry. An interesting point was made on the allocation of funds, suggesting businesses that can provide match funding should be considered as more viable for grants, and it was agreed that this required careful balancing, with Kevin adding that DARPA, doubled down on projects with merit and reconsidered their funding the less successful. The networks of Scottish Universities were highlighted and it was suggested that they could be utilised by universities and businesses alike to increase take-up of the ISCF. The Chair noted that there was a great opportunity here for businesses to obtain funding from both Scottish Government and Innovate UK.

6. Enterprise and Skills Strategic Board

Nora Senior, Chair of the Enterprise and Skills Strategic Board, provided a short overview of the Enterprise and Skills Strategic Board's remit. The Board was established as a result of the Enterprise and Skills Review to oversee and ensure the alignment of the five enterprise agencies to enable the achievement of the SG ambition to rank in the quartile of OECD countries for productivity, equality, sustainability and wellbeing. To this end, Strategic Plans for each agency are under development and the Board will be considering Enterprise and Skills support. There is the opportunity to use data more effectively to analyse impact and ensure alignment with SG's goals and planning cycles.

Nora mentioned one of the challenges ahead was encouraging SME to participate in R&D, noting that they consider it as a high risk area and before participating need to be sure there will be an advantage to doing so. This is further constrained by 87 per cent of SME considering that R&D relates solely to tech. However, there are very specific ways that SME can innovate without incurring risk, e.g. become cost effective, hire young apprentices, create something that can be commercialised, etc.

7. Q&A

A short discussion followed where it was suggested that a change of focus from tracking spend to tracking impact could reveal opportunities for knowledge sharing across sectors, etc. It was also suggested that an 'inventory' of Scotland's business landscape would allow for a deeper analysis of business need and willingness to innovate. It was highlighted that businesses need high quality leadership teams to drive innovation, and funds could be more effectively utilised in these businesses than in those without these key people in place. With finite funds being available, the group discussed the merit of rather than targeting all businesses equally whether there would be more impact in focussing on those who are already grasping the opportunities available or conversely, those who need further investment and assistance to reach a similar level.

8. Discussion on Big Issues

The Chair advised that future Forum meetings will include deep dive sessions on areas of potential opportunity for Scotland.

Four areas were discussed based on the grand challenges within the Industrial Strategy, artificial intelligence and the data economy; clean growth; healthy ageing; and the future of mobility, and noted that the opportunities under these topics would be matched to the 4 Is from the [Scottish Government Economic Strategy](#): investment, innovation, inclusive growth, and internationalisation.

Feedback was collated and will be considered when the discussion themes are selected. A short note of some of the outcomes follows.

- **Artificial Intelligence and the Data Economy**

The investment in skills for the future workforce including Science, Technology, Engineering and Mathematics (STEM) subjects will attract international companies and individuals to come to Scotland. The group noted there could be concerns from workers as the future of the workplace and worker roles changed. It was felt that advantage could be taken of the expertise of the Financial Services Sector in managing assets. This led on to a challenge for the sectors to consider what they are doing and where the opportunities lie in the future.

- **Clean Growth**

Easier pickings elsewhere can prevent concentration on a clean growth supply chain, but it was noted that consumer choice in selecting green energy could influence this. A focus on existing assets would stop duplication and allow Scotland to concentrate on creating an international expertise and more sustainable industrial backbone. Scotland has an ideal location and opportunities to test new innovations and we should be open to that and note that legislation also has a great transformative power.

- **Healthy Ageing**

The group discussed the opportunities to make better use of data and technology, such as wearable tech. It was suggested that this could be combined with consumer behaviours for preventative medical care. With the population's lifespan increasing there was a discussion on how knowledge can be passed through generations and how to keep older people active following retirement. The previous perception of what was once deemed old is no longer the case.

- **The Future of Mobility**

This impacts on more than just Transport Scotland; the mobility of people and the ability of all areas to attract the right talent is something that affects us all. The development of new vehicles could exacerbate the visible financial differences between groups of people. The circular economy could play a vital role in designing and building the new vehicles from the old, reducing waste and opening the way to a new innovative culture of repurposing. We have a

huge global diaspora which could bring opportunities for an increase in supply chain expertise. The electrification of shipping could reinvigorate the transport of goods by sea/canal/river. It is imperative we consider where we will be the future and build the Scotland that will realise it.

9. Closing Remarks

The Chair thanked all for an interesting discussion and noted that several themes had been flagged up which would be considered for future Forum meetings. He advised that the secretariat would be in touch about Forum dates in 2018.

The Chair thanked everyone in attendance for their participation and contributions throughout the morning. He took the opportunity to wish them a happy festive period and looked forward to seeing them in the New Year.

Actions

1. Secretariat to contact members with future meeting dates – cleared.
Future meeting dates are, 24 April 2018, 25 September 2018, and 04 December 2018. Venues will be confirmed in due course.

JL
10 January 2018

Attendance

In Attendance

Paul Wheelhouse, Minister for Business, Innovation and Energy (Chair)
Henk Berits, Tourism Industry Leadership Group
Audrey Cumberland, Colleges Scotland
Patricia Findlay, University of Strathclyde
Graeme Jones, Financial Services Advisory Board
Sandy Kennedy, Entrepreneurial Scotland
Irene McAra McWilliam, Glasgow School of Art

Ruth Meyer, Universities Scotland
Derek Norwood, Devro
Ian Phillips, Oil and Gas Innovation Centre
Polly Purvis, Scotland IS
Richard Rollison (Deputy Chair) Deputy Director, Innovation, Investment & Industries Division
Nora Senior, Chair, Enterprise and Skills Strategic Board
Dave Tudor, Life Sciences Scotland
Laurence Ward, Technology Advisory Group

Partners and Scottish Delivery Bodies

Kevin Baughan, Deputy CE, Innovate UK
Marion Beattie, Skills Development Scotland

Donna Chisholm, Highlands and Islands Enterprise
Siobhan Jordan, Interface
Keith McDonald, Scottish Funding Council

Apologies

Will Hutton, Big Innovation Centre
Geoff Mulgan, Nesta
Andrea Nolan, Universities Scotland
Sheila Rowan, Chief Scientific Adviser

Stuart Fancey, Scottish Funding Council
Gordon McGuinness, Skills Development Scotland
Jim Watson, Scottish Enterprise

Facilitators

Brian Dixon, Glasgow School of Art

Fred Wordie, Glasgow School of Art

Secretariat

Karen McAvenue, Scottish Government

Jamie Steed, Scottish Government
June Love, Scottish Government