

BOARD MINUTE

27 JUNE 2023

Highlands and Islands Enterprise



BOARD MEETING
COINNEAMH BÙIRD

MINUTE OF THE HIE BOARD MEETING HELD ON TUESDAY 27 JUNE 2023, STARTING AT 10:00
HYBRID: AN LÒCHRAN, INVERNESS AND BY TEAMS

PRESENT (INVERNESS) Alistair Dodds (*Chair*)
 Stuart Black (*Chief Executive*)
 Ailsa Raeburn
 Amanda Bryan
 Angus Campbell
 Anna Salgado
 Calum Ross
 David Wilson
 Freda Newton
 Simon Cotton

PRESENT (ONLINE) Belinda Oldfield
 Keith Nicholson (joined during item 1.2)

IN ATTENDANCE (INVERNESS)

Carroll Buxton	Deputy Chief Executive
David Oxley	Director of Strategic Projects
Karen Moncrieff	Director of Human Resources
Martin Johnson	Director of Strategy and Regional Economy
Nick Kenton	Director of Finance and Corporate Services
Ruaraidh MacNeil	Director of Business Infrastructure, item 2.2
Karen Thomson	Senior Development Manager, item 2.2
Anna Allan	Head of Marketing and Communications, item 3.1
Vicky Grant	Head of Inward Investment, item 3.2
Reuben Aitken	SDI Managing Director, item 3.2
Lorna Gregson-MacLeod	Head of Planning and Partnerships, item 3.5 – 4.3
Alison Sharp	Corporate Planner, item 3.5-4.3

IN ATTENDANCE (ONLINE)

Douglas Cowan	Director of Communities and Place
Rachel Hunter	Director of Enterprise Support
Sandra Dunbar	Director of Business Improvement and Internal Audit
Adrian Kitson	Head of Executive Office
Andrew Carton	Team Leader (HIE), Enterprise Agency Sponsorship, Scottish Government
Morag Goodfellow	Area Manager - Argyll and the Islands, item 3.3
Morven Fancey	Head of Universities, Education and Skills, item 3.3 and 3.4

1 STANDING ITEMS
CUSPAIREAN COTHROMACH

1.1 Welcome and apologies

The Chair welcomed everyone to the meeting, noting that a pre-meeting for Board members had been held between 8:30am and 9:45am and highlighted that for the Board meeting, Belinda Oldfield, Sandra Dunbar, Douglas Cowan, Rachel Hunter and Andrew Carton were joining remotely.

The Chair congratulated the Deputy Chief Executive, Carroll Buxton who had been awarded an MBE in the King's Birthday Honours List 2023 for her services to Economic Development. The Chair also congratulated the Chief Executive, Stuart Black who was the winner of two awards at the Institute of Directors (IoD) Scotland Director of the Year Awards 2023, one for Regional Director of the Year and one for Public Sector Director of the Year for Scotland.

No apologies had been received.

1.2 Declarations of interest

Keith Nicholson joined the meeting.

The following Board members made transparency statements in relation to items on the agenda. In each case it was noted that the member had no financial interest and had not been party to decision making.

Board member	Item	Transparency statement
Alistair Dodds	4.1	Current member and past trustee and treasurer of Elsie Normington Foundation
	5.1	Member of Coigach Community Development Company
Freda Newton	5.1	Seven companies in the quarterly approval list are suppliers to Jacobite Cruises Ltd: Great Glen Distillery; Cairngorm Brewery; Isle of Skye Candle Co; Highwater; Culloden Foods; Highland Soaps; and Chocolates of Glenshiel.
Anna Salgado	3.4	Member of Research and Knowledge Exchange Committee, Scottish Funding Council.
Angus Campbell	General	Member of the Court of the University of the Highlands and Islands (UHI) and on the Board of Colleges of Scotland.

Declarations of interest were noted from the following Board members:

Amanda Bryan and Ailsa Raeburn declared an interest in Sumitomo, due to their involvement with Crown Estate Scotland. These are covered under item 1.3 Draft Minute of the Board meeting of 25 April 2023 and item 1.5 Chair and Chief Executive's update. It was agreed that if Sumitomo is not discussed when item 1.3 is covered there would be no requirement for the Board members to leave the room, it was noted however that there would be a requirement for them to leave the room when this is covered during item 1.5, the Chair and Chief Executive's update.

Calum Ross noted an interest in relation to item 1.5 Chair and Chief Executive's Update where a verbal update is to be provided on the Green Growth Fund. The business that Calum is associated with could be a potential financial beneficiary of the proposed Green Grant Fund and it was agreed that if this is a general update there would be no requirement to leave the room.

1.3 Draft minute of Board meeting held on 25 April 2023

The minute was approved as a true and accurate record with one minor amendment on page one to change "PRESENT (INVERNESS) to "PRESENT (PORTAVADIE).

1.4 Matters arising from the minutes and action grid

There were a number of matters arising with the majority being covered on the meeting agenda. An update was requested on Arnish and it was agreed that this would be covered during item 1.5, Chair and Chief Executive's update. The Chair noted that a report had recently been published on the economic benefits of Gaelic and requested a briefing note for Board members. The Chief Executive confirmed that a paper was being presented to Leadership Team, following which a summary will be provided to the Board and if required, this could be added to the next Board agenda.

The Board noted the good progress made with items on the Action Grid.

1.5 Chair and Chief Executive's update

Updates were provided on the following matters:

- **Legal matters**

[Paragraph removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].

[Paragraph removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].

The Director of Communities and Place provided an update to the Board on the mediation that had taken place the previous day in relation to the Cairngorm legacy legal cases. It was confirmed that an agreement had been reached in principle and it was hoped that this will be documented over the course of the day but may take longer as all parties require to agree the wording. The Director confirmed that an in principle agreement has been reached on the basis of a full and final settlement of £11.0m to HIE.

The Chair noted the commitment and significant amount of work that had gone into the cases and expressed the appreciation of the Board for the satisfactory conclusion.

[Sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].

- **Covid Inquiry**

The Director of BIIA informed the Board that HIE is participating in the Scottish Covid-19 inquiry and had provided a substantive response to the Inquiry Team at the end of the previous week. It was agreed to share this with Board members.

The Chair noted his thanks and outlined that it is important that HIE collaborates with such inquiries.

- **Business Support Partnership**

The Director of Business Improvement and Internal Audit provided an update on the Business Support Partnership (BSP) which includes all of the enterprise agencies, Business Gateway, COSLA and Scottish Government etc. This is a core group of organisations that make up the business support landscape in Scotland.

The Board welcomed the update, noting the support of the Board to this type of initiative that continually looks to improve access to the public sector.

- **Green Growth Grants**

The Director of Enterprise Support, being conscious of potential conflicts of interest, provided a high level update confirming that this is progressing well with 72 expressions of interest received. Thirty-three are proceeding to full due diligence with an estimated ask of £2.3m from HIE.

The Director confirmed that there was a good regional spread.

- *[Item removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].*
- *[Item removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].*
- **Sumitomo**

Ailsa Raeburn and Amanda Bryan left the meeting.

The Director of Strategic Projects updated that the project continues to progress, with discussions ongoing with UK Government regarding the subsidy position. *[Sentences removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].*

The Director of Business Improvement and Internal Audit outlined that there is a detailed process for the referral to the Competitions and Markets Authority and the Subsidy Control Manager is actively engaging with this, which is expected to be the first referral from Scotland. HIE is also engaging with the Scottish Government subsidy team.

[Sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].

[Sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].

Ailsa Raeburn and Amanda Bryan rejoined the meeting.

- **Inverness and Cromarty Firth Green Freeport**

The Director of Strategic Projects updated that Donald MacRae, former HIE Board member has joined the Green Freeport Board as an independent member and this arrangement is working well. *[Sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].*

[Sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].

[Paragraph removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].

- **Machrihanish**

[Sentences removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].

Improvement works on site are underway and scheduled to be completed by the end of August.

- **Space**

The Director of Strategic Projects reported that in relation to Sutherland Spaceport (formerly Space Hub Sutherland), Orbex have made two new appointments, an interim Chief Executive and a Spaceport Manager. Works started with ground-breaking in May with the site entrance opened up and the passing places enlarged. The construction of the road to the launch pad was about to commence.

[Sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].

[Sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].

[Paragraph removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].

- **HIE's workforce planning**

The Director of Human Resources reported that the plan is under regular review and discussion with Leadership Team to ensure realignment of resource to priority areas. There is stringent vacancy management in place to help drive efficiencies and savings to support the budgetary constraints. Headcount has reduced from 290 to 275 over the last year, *[part of sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].*

[Paragraph removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].

In relation to graduates, there was an action to review external placements with businesses. This proved challenging to build into a busy two-year placement in terms of learning and development and a plan has been put in place to allow the graduates to volunteer up to two days per month with third sector organisations to help broaden horizons, develop transferrable skills, and provide community benefit.

- **Chair and Chief Executive's engagement**

A positive meeting had taken place with Mr Gray, Cabinet Secretary for Wellbeing Economy, Fair Work and Energy who has a good local knowledge of the Highlands and Islands and was very complimentary about HIE's performance over the last year. He is very keen to attend the HIE Board meeting in August and will be visiting Cairngorm Mountain (Scotland) Limited (CMSL) the day before.

In relation to Public Sector Reform, HIE attended the Board Chairs online meeting that had been held recently with circa 80 people. HIE will be fully engaged with this and a meeting has been arranged with the Chairs and Chief Executives of South of Scotland Enterprise (SOSE) and Scottish Enterprise (SE) to ensure that joint working is effective.

There had been two Board engagement events, one in Moray and one in Inner Moray Firth, with the Chair passing on his thanks to the Board members involved in each. The two events were different in emphasis, however both were positive about HIE's contribution with the key issues being housing, transport and the cost of living. At both meetings, there had been discussion about HIE's own processes and proportionate level of bureaucracy.

A meeting with the SOSE Chair and Chief Executive took place with discussion around the real living wage for 16 and 17 year old apprentices which may have an impact on businesses taking on young people.

The Chair and CE had visited Kishorn and it was good to see the level of development and the number of people employed at this west coast location both at the port itself and at Bakkafröst.

A productive visit to the Royal Highland Show included a meeting with the new Chair of NatureScot and the Chair of Scotland Food and Drink. Both are keen to visit the Highlands and Islands.

A meeting took place with the Community Housing Trust Chair and Chief Executive, noting that housing is a key issue for HIE. The Regional Economic Partnership (REP) has set up an action sub-group, chaired by the HIE Chief Executive, with a focus on increasing the housing supply. The trust also have a range of proposals that would help to address some of these issues.

In response to a question, the Director of Communities and Place provided a brief update on Arnish, noting that a sub-group had been rearranged for mid-July.

2 INVESTMENT DECISIONS CO-DHÙNAIDHEAN AIRGEAD-TASGAIDH

2.1 Wave Energy Scotland (WES) EuropeWave Phase 3

The Director of Strategic Projects presented this paper recommending that the HIE Board provides approval for Wave Energy Scotland to award up to a maximum of €13,500,000 (WES contribution €2,605,950) in three Phase 3 call-off contracts in the EuropeWave PCP programme, at a maximum value of €4,500,000 (inc VAT) each. It was requested that decision making (which would allow communication to the successful contractor) be delegated to the HIE Leadership Team at the scheduled meeting on Monday 14 August 2023, with the decision noted at the HIE Board on 29 August 2023.

The Board noted that there was a maximum amount available and asked if there would be sufficient funds for the top three. The Director confirmed that the funding is fixed and that the bids will have to comply with the available funding. Decisions will then be made on quality of the bids and if there were only two that met the quality criteria, then only two would be selected.

The Board also asked for confirmation that all relevant records were being held and kept in line with the requirements of any European funding. The Director confirmed that he was confident that the procedures were robust. The Director of Business Improvement and Internal Audit also confirmed that processes are reviewed on a regular basis.

The Board asked what support was available for any of the unsuccessful bidders in this process and if any lessons learned were applied to develop the sector more widely. The Director confirmed that he would ask the Managing Director of WES to provide an update to the Board on this. It was also agreed to provide a briefing to new Board members and any other interested Board members, on the structure of WES.

The Board approved that decision making be delegated to the HIE Leadership Team, with the decision to be reported to the HIE Board on 29 August 2023.

2.2 *[Item removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].*

3 UPDATES CUNNTASAN AS ÙR

3.1 Marketing, communications and engagement strategy

Anna Allan joined the meeting.

The Head of Marketing and Communications presented the refreshed marketing and communications strategy, seeking feedback from the Board on performance for 2021-23, as well as the proposed marketing and communications strategy and priorities for 2023-25.

The focus of the presentation was the refreshed strategy, noting a sharper focus on a customer centred approach and using customer research and seeking more qualitative feedback. The key objectives can be summarised as follows: 1) Early insights from better engagement with colleagues on the front line; 2) Securing best value for HIE; 3) Supporting staff and Board members to be advocates for HIE by providing key messages for stakeholder engagement and ensuring that these are continually updated; and 4) Raising awareness of HIE, its role and impacts.

The Board welcomed the refreshed strategy, highlighting the number of stakeholders to satisfy and offered some helpful points to be built in including the tag line “Right message, Right audience, Right time and Right channels”. Housing provision of all types should be included along with the need to reflect how HIE touches everybody by contributing to local communities. It was good to see performance targets and that the HIE website is a good tool for signposting people to funding sources. In terms of Scottish and UK Governments, there was a need to broaden beyond MSPs and MPs to include specific mention of officials at senior level. An area focus was also important to validate HIE’s approach and Gaelic should be more prominent.

The Board welcomed the renewed strategy for 2023-25.

Anna Allan left the meeting.

3.2 International Trade and Inward Investment

3.2a Update from the Head of Inward Investment

Vicky Grant joined the meeting.

In advance of Reuben Aitken, the Scottish Development International (SDI) Managing Director joining the meeting, the Head of Inward Investment provided an overview to the Board of the International Trade and Inward Investment Policy Landscape, a summary of HIE activity during financial year 2022/23 and areas of focus for 2023/24. The overview also covered partnership working with SDI.

[Paragraph removed in the interests of the effective conduct of public affairs].

[Paragraph removed in the interests of the effective conduct of public affairs].

3.2b Presentation from the Managing Director of SDI

Following the break for lunch, Reuben Aitken joined the meeting.

Freda Newton had to leave the meeting due to another commitment but rejoined part way through this item.

The SDI Managing Director provided an overview of SDI, outlining that in terms of overseas presence, it has over 100 staff based overseas in 23 different countries with the purpose to grow Scotland’s exports, increase inward investment to Scotland and secure new capital investment. An update was provided on the achievements in the year 2022/23 both nationally and specifically in relation to the Highlands and Islands and how these were achieved through successful collaboration.

The key areas of focus for 2023/24 are: 1) Driving ambition in export growth; 2) Delivering inward investment; 3) Securing global capital investment; and 4) Talent and international networks. With growth at the heart of trade objectives for the year, the focus is aligned to areas which will make the greatest impact, such as companies in, Science and Technology, Consumer Industries and Energy, and Low Carbon Transition. There will be a collaborative approach working with HIE with a focus on transformational projects such as the Green Freeport, Inverness Campus and Green Energy.

Following the presentation, there was discussion with the Board on areas including Skills Infrastructure, barriers to achieving potential, supporting companies in international markets, help for Highland companies, the need for branding to include HIE, SDI financial contributions to HIE projects, how HIE can help SDI operations be more effective, and improved formal governance arrangements.

The Chair thanked the SDI Managing Director for attendance at the meeting and there was agreement to put in place more formal governance arrangements to manage the relationship between HIE and SDI. The need for speed being vital in decisions related to inward investors was noted. It was agreed that a yearly update from SDI would be provided to the HIE Board.

Vicky Grant and Reuben Aitken left the meeting.

3.3 HIE's role in housing

Morag Goodfellow and Morven Fancey joined the meeting.

The Area Manager for Argyll and the Islands and the Head of Universities, Education and Skills provided the Board with an update on HIE's work within the housing agenda and the establishment of a new REP Housing sub-group and outlining some of the areas of work that HIE will be involved in over the coming year. The housing system was not working effectively in the Highlands and Islands and required serious intervention to deliver the short and long-term housing requirements for economic growth. There were a multitude of reasons for this making it a very complex problem to resolve. HIE's role in housing had evolved in recent years as the housing deficit in the region had become much more serious and our concerns had grown in relation to how this is impacting on our regional economy.

A paper was presented to the Board in October 2022 outlining HIE's activity and focus. Over the past six months the Board has met with many employers and communities who have repeatedly described the seriousness of the housing shortages. The development of a HIREP Housing Sub-Group, chaired by the HIE Chief Executive could be significant in taking steps to tackle this complex challenge.

The Board welcomed the update and discussion noting that housing was fundamental to the Highlands and Islands economy. One of the key outcomes of the Sub-Group would be to see the building of more houses. It was encouraging to see the number of potential housing projects and key is how HIE can help these to be moved forward. The HIREP Housing Sub-Group needs a continuing register of successes and should be judged on the number of new houses or plots. The Scottish Government also needs to be fully committed to this with access to key officials and ministers with a senior official on the sub-group.

Morag Goodfellow and Morven Fancey left the meeting.

3.4 Briefing on skills delivery landscape review

The Director of Strategy and Regional Economy updated the Board following a joint call with Scottish Government officials on skills reform with Scottish Enterprise (SE) and South of Scotland Enterprise (SOSE). It was noted that Jenny Gilruth the Cabinet Secretary for Education and Skills has made some announcements to Parliament on the whole skills system. This is following the Review of the Skills Delivery Landscape in Scotland by James Withers.

HIE, along with SE and SOSE, is engaging with the Scottish Government to understand the timescales and governance, and influence the anticipated programmes of work. An initial call with SG Skills Directorate leads is organised for 27 June. HIE will also collaborate with the Regional Economic Partnership (REP) to seek to ensure that regional partners are aligned, and that the region's voice is being heard at national level.

The Board noted the update and that key to this was making sure that the skills in the Highlands and Islands align with business requirements and for HIE to be fully engaged.

Morven Fancey left the meeting.

3.5 Strategy update

Lorna Gregson-MacLeod and Alison Sharp joined the meeting.

The Head of Planning and Partnerships and the Corporate Planner presented the updated Strategy following further Board feedback and thanked the Board for all of their input, noting that some areas still require some limited refinement. The Board was asked for any further feedback.

The Board discussed and provided some further suggestions which the Head of Planning and Partnerships confirmed would be incorporated.

The Chief Executive outlined that there would be further consultation with partner organisations and young people, with an aim to launch the strategy late summer or early autumn. With the Cabinet Secretary attending the August Board meeting, it was agreed that it would be good to launch at this point with a timetable of actions required working back from the August Board meeting.

The Board welcomed the update and the good progress that had been made.

3.6 *[Item removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].*

4 RESOURCES AND GOVERNANCE **GOIREASAN IS RIAGHLACHAS**

4.1 End-year report 2022-23

The Head of Planning and Partnerships presented HIE's in-year out-turns against key measure targets, outputs and deliverables from the 2022-23 Operating Plan. Overall, performance had been strong not only in relation to key measures, but in progressing workstreams, strategic projects and thematic programmes.

Businesses and communities supported by HIE had created or retained over 1,400 jobs, a figure well above target and including almost 160 in fragile areas. Business turnover by clients rose by more than £680m, more than treble the target figure, and international sales supported by HIE investment increased by almost £50m. There were positive outcomes for the numbers of green jobs supported, capital asset investment and green capital asset investment. However, the out-turn for increase in turnover in the social economy was 94% of the target figure, as communities focused on resilience.

The distribution of investment in relation to population share was particularly high in Caithness and Sutherland (25% investment v 8% population) and lowest in Moray (7% v 20%). Third party investment in technology and advanced engineering (TAE) was on an upward trend and the highest it had been in ten years. A relatively large proportion of investment (26%) was in fragile areas, twice the proportion of the share of population. Average wage forecasts for all FTE jobs supported was £35,581, the highest level achieved by HIE to date, and driven by employment in TAE.

Board members welcomed the outcomes for fragile areas, noting that investment in these parts of the region was greater than elsewhere per head of population. However, it was important for HIE to ask whether the agency and its partners were doing enough to solve the issues affecting these areas. There was also concern that only around 5% of green jobs supported were in fragile areas. Staff provided assurance that these issues were being addressed in the current year, with real-time data shared across the organisation and quarterly reviews of progress towards targets being led by the Chief Executive.

Data input across the organisation had been inhibited by the need for staff to prioritise helping customers but was now being brought back on track. It was acknowledged that population share was simply one means of measuring performance and the availability of data on other subjects, including inclusive growth, would enable a more sophisticated picture to be gathered.

The Chair asked for future reviews to include a five-year comparison to provide the Board with greater perspective on targets and performance over time. He thanked the team for preparing a very helpful report that showed a strong performance in 2022/23, and noted that it would be helpful to capture key points in a short briefing.

4.2 Draft targets for 2023/24

The Director of Strategy and Regional Economy, in introducing the paper, noted interest from the Board the previous year in relation to how the targets are set. He confirmed that the process and resulting draft targets for HIE for the current financial year were based on the emerging strategy, available budget, historical averages and internal discussion with area managers and the Leadership Team. The draft targets presented in the paper for comment, discussion and agreement outline areas where HIE is expecting to do more and areas where it will be difficult to achieve past levels, and where lower targets had been proposed.

The Chair raised concerns in relation to the reduction of some targets, particularly in relation to jobs in fragile areas with communities being very active and the economy beginning to pick up again. He requested that reductions in jobs supported and the average wage increasing by £1.0k per annum, being effectively a cut, be given further consideration.

The Chair further asked the Team Leader (HIE), Enterprise Agency Sponsorship, Scottish Government, about when HIE should expect the annual letter of guidance which would allow the operating plan to be concluded. The team leader confirmed that was currently being worked on and would be hopeful of this being issued by July.

Following wider discussion with the Board, there was agreement that target setting should be ambitious and stretching and it would be useful to draw out how each target is contributing to the strategy. The Chief Executive highlighted that the paper was presented to stimulate discussion and it was agreed that the targets be reviewed with an aim of increasing these to ensure they reflect ambition in the new strategy, and for a second version to be provided to the Board.

Noting an item that he had intended to be picked up under item 4.1, the Chair noted a Climate Literacy Course was being arranged for HIE staff and asked if something similar could be run for the Board. The Chief Executive agreed that this would be organised.

Andrew Carton left the meeting.

4.3 Performance update – year to date

The Head of Planning and Partnerships presented a paper providing a summary of HIE's performance outcomes for the first two months of the 2023-24 financial year. There is evidence of a healthy pre-approval pipeline with significant potential impact from several projects *[part of sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity]*.

The Board welcomed the update noting the healthy pipeline.

Lorna Gregson-MacLeod and Alison Sharp left the meeting.

4.4 Financial statement to 31 May 2023

The Director of Finance and Corporate Services presented the financial statement to 31 May 2023. *[Sentences removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].*

The negative reserve currently stands at just over £7.5m which is within the £10.0m ceiling. The spend on Financial Transactions (FTs) is low with a budget of £2.0m and only spend of £1.0m currently forecast, and there will be a need to focus on loans. *[Sentences removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].*

The Director confirmed that the current forecast is to break-even with the need to keep revenue under continual review with this being the area at most risk of overspend.

[Sentences removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].

The Board noted the position to the end of May.

4.5 Verbal update of RAC meeting 06 June 2023

Angus Campbell, Chair of the Risk and Assurance Committee, provided a brief summary of the meeting held on 6 June, noting that many of the items discussed cross over to the agenda items discussed by the Board today.

The Chair thanked the Chair of the Committee for the update and thanked the Committee for the work undertaken.

4.6 RAC Annual Report

The Chair of the Risk and Assurance Committee drew attention to the summary which provided a good update on the work covered and the assurance that this provided to the Board.

The Chair confirmed that it was good to receive the positive assurance and asked if the website was up to date for published minutes. This was confirmed by the Head of Executive Office.

The Director of Business Improvement noted the positive contribution of the Committee to the HIE governance and risk environment and noted the increasing focus on best value, efficiency and effectiveness and the transparent reporting process demonstrating how HIE is being a best value organisation. The Committee would have an ongoing role in this area alongside the Board.

The Chair noted the importance of being able to demonstrate best value, efficiency and effectiveness in any discussion with Government regarding budgets. The Chief Executive also confirmed that there would be internal efficiency metrics placed alongside the output measures, so the Board will receive regular updates on how long it is taking, for example, to get from an application to payment and this will be Red, Amber, Green (RAG) rated.

The Board welcomed and approved the report.

4.7 *[Item removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].*

4.8 Corporate Risk Register RESTRICTED

The Director of BIIA presented the latest HIE corporate risk register, outlining that a wholesale refresh has been undertaken of all the corporate risks in addition to the annual refresh of all the other Programme, Directorate, Project, and Area Team registers. This has resulted in a decrease in the number of corporate risks from 25 to 17. The key themes have been highlighted, also, based on client feedback, there is work to support colleagues to be proportionate and consider risk when applying process and lessons learned.

Work will also take place with the Risk and Assurance Committee on updating the risk appetite statements which will be brought back to the Board.

The Board drew attention to appendix two within the paper where there were actions planned, noting that some of the dates have already passed and there would be need to keep this up to date. It was also further noted that there was not a risk around the retention of key HIE staff or in relation to the Green Freeport and the availability of housing or in regard to Tourism.

The Director of BIIA agreed to pick up these points, noting that housing was included in the wider infrastructure risks. The Director of Enterprise Support confirmed that, following discussion with sector teams, areas identified included labour shortage and interest rates, however no one sector was impacted more than another, therefore these had been bundled under “economic context”. The Chair asked for wider explanation to be provided in the description for this.

The Board thanked the Director and her team for ensuring that the register continued to be updated, clearly presented and monitored as a working tool.

4.9 Draft minute of Remuneration Committee 23 May 2023 RESTRICTED

Freda Newton, Chair of the Remuneration Committee, provided a brief summary of the meeting held on 23 May 2023 confirming that all items discussed were captured in the draft minute. A small error was noted in the draft with an action wrongly allocated to the Director of Finance and Corporate Services, this has been corrected and allocated to the Director of Human Resources and will be amended in the final draft for review by the Committee at the next meeting. The key point to highlight from the meeting is the need to review the Committee’s effectiveness and this is something that will be taken forward.

The Board noted mention of the pay policy guidance in the minute and asked if the pay policy technical guidance had been published yet. The Director of Human Resources confirmed that the guidance had just been published.

5 ITEMS FOR INFORMATION **CUSPAIREAN AIRSON FIOSRACHADH**

5.1 HIE Publication Scheme - Quarterly approvals January - March 2023

The publication scheme was noted with the Chair confirming that it was good to see this was up to date and noted that it was hoped to have the April-June 2023 approvals report in August.

5.2 Any other business

There was no other business.

5.3 Forthcoming meeting dates

- The Risk and Assurance Committee will meet on 17 August 2023.
- The HIE Board will next meet on 29 August (in Inverness and by Teams)

Adrian Kitson
Head of Executive Office
27 June 2023