

BOARD MINUTE

27 AUGUST 2024

Highlands and Islands Enterprise

APPROVED



BOARD MEETING
COINNEAMH BÙIRD

**MINUTE OF THE HIE BOARD MEETING HELD ON TUESDAY 27 AUGUST 2024, STARTING AT 09:00
IN AN LÒCHRAN, INVERNESS CAMPUS, AND ONLINE**

PRESENT (INVERNESS)

Alistair Dodds (*Chair*)
Angus Campbell (*Deputy Chair*)
Stuart Black (*Chief Executive*)
Allan Clow
Melanie Collett
Simon Cotton
Freda Newton
Ailsa Raeburn
Calum Ross
Anna Salgado
David Wilson

PRESENT (ONLINE)

Keith Nicholson (*not present for item 3.1 and part of 2.1*)

IN ATTENDANCE (INVERNESS)

Sandra Dunbar Director of Business Improvement and Internal Audit
Nick Kenton Director of Finance and Corporate Services
Karen Moncrieff Director of Human Resources
Joanna Peteranna Director of Area Operations
Chris Roberts Head of Communications
Anne-Marie Martin Deputy Director, Regional Economic Development, Scottish Government
Karen Thomson Programme Head, Inverness Campus, items 2.1, 3.1
Graeme Adair Construction Frameworks Manager, items 2.1, 2.2
Iain Bolland Diligence Quality Manager, items 2.3, 2.5
Janice Findlay Development Manager, item 2.4
Vicky Grant Head of Inward Investment, item 3.2
Richard Rollison Scottish Government Director of International Operations, item 3.2
Reuben Aitken Managing Director, Scottish Development International, item 3.2
Helen Herd Head of Human Resources, item 3.3
Zoe Laird Head of Growth Deals and Digital, item 3.4
Sarah Marshall Development Manager, item 3.4
Elaine Hanton Senior Project Lead, Regional Infrastructure, item 3.5
James Palmer Project Manager, Construction, item 3.5
Lorna Gregson-MacLeod Head of Planning and Partnerships, item 4.1
James Laraway Business Improvement Manager, item 4.4

IN ATTENDANCE (ONLINE)

Rachel Hunter Director of Enterprise Support
Colin Cook Director of Economic Development, Scottish Government
Andrew Carton Team Leader (HIE), Enterprise Agency Sponsorship, Scottish Government
Kathleen Stewart Area Team Leader, Innse Gall (designate), item 2.3
Mairi Buchanan Senior Development Manager, Innse Gall, item 2.3
Natalie Campbell Head of Enterprise Support, Innse Gall, item 2.3
Katrina Wiseman Area Manager, Shetland, item 2.6
Eann Sinclair Area Manager, Caithness and Sutherland, item 4.3

1 STANDING ITEMS
CUSPAIREAN COTHROMACH

1.1 Welcome and apologies

The Chair welcomed everyone to the meeting, including Colin Cook, Anne-Marie Martin and Andrew Carton from the Scottish Government. Joanna Peteranna, recently appointed as HIE Director of Area Operations, was attending her first Board meeting in her new role. Apologies had been received from David Oxley, Director of Strategic Projects, who was on HIE business overseas.

1.2 Declarations of interest

Ailsa Raeburn declared an interest in Sumitomo, which was referenced in item 1.3, due to her role as a board member of Crown Estate Scotland. It was agreed that Ms Raeburn would leave the meeting if details of this project were discussed. References to Sumitomo had been withheld from Board papers issued to Ms Raeburn.

Angus Campbell, Allan Clow, and Calum Ross declared an interest in items 2.3 and 3.1, as members of the Court of the University of the Highlands and Islands (UHI). It was agreed that Mr Campbell and Mr Clow, both of whom are independent members of the UHI Court, would leave the meeting during item 2.1. Mr Ross, who is HIE's representative on the Court, would be able to take part in discussion of item 2.1, but would not be present when the Board made its decision.

Director of Area Operations Joanna Peteranna declared a related party interest concerning item 2.3. It was agreed that Ms Peteranna would leave the meeting when this was discussed.

Transparency statements relating to item 2.4 Green Grant Fund programme 2024 were given by Board members Angus Campbell, Allan Clow, Simon Cotton, Alistair Dodds, Freda Newton, Keith Nicholson, Ailsa Raeburn, Calum Ross and Anna Salgado, and by HIE employees Nick Kenton and Joanna Peteranna.

Transparency statements were also made in connection with other matters that could be discussed at the meeting, as noted below. None of these was considered to present a conflict of interest.

Board / staff member	Transparency statement
Alistair Dodds	Member, Elsie Normington Foundation Associate member, Coigach Community Development Company Board member, Highland Print Studio
Freda Newton	Non-executive director, Dingwall and Highland Marts Ltd
Ailsa Raeburn	Fair Isle Bird Observatory
Nick Kenton	Shareholder in Heartland Community Wind Farm

1.3 Draft minute of Board meeting, 25 June 2024 RESTRICTED

The minute was approved as an accurate record of the meeting.

1.4 Matters arising from the minutes and action grid RESTRICTED

The Chief Executive confirmed that HIE was continuing to seek a suitable date to meet the Cabinet Secretary for Transport, with the assistance of Scottish Government colleagues.

The Director of Strategy and Regional Economy reported that signoff of the full business case for the Inverness and Cromarty Firth Green Freeport was expected in the coming months.

Following discussion between HIE and the Scottish Government, funding to support local community development officers was now in place to the end of the present financial year.

The Co-chair of the NSET Delivery Board had verbally acknowledged the importance of HIE's role in securing significant inward investments, including Sumitomo, and confirmed that this would be reflected in future reporting.

[Paragraph removed due to commercial sensitivity].

A meeting for Board members to review and discuss details of HIE's recent baselining inventory for greenhouse gas emissions would be held in November.

A paper detailing information governance advice for Board members had been finalised and a training session was being arranged.

All other matters arising would be covered under agenda items.

1.5 Chair and Chief Executive update **RESTRICTED**

The Board welcomed a summary of significant activities and issues that were currently being dealt with by HIE staff and were not covered elsewhere on the agenda. There was discussion on the following items:

- **Legal matters**

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

The Director of BIIA reported that plans were under way to procure a new legal services framework as the current arrangement would expire in December. As with the current framework, procurement would be led by Scottish Enterprise, which would be the contracting authority. HIE would be a partner in the new arrangement, while also taking a best value approach to benefit from Scottish Government frameworks. An update would be provided at the next Board meeting.

The Scottish Covid-19 Inquiry was now under way, with a remit that included the use of public funds for financial support to businesses and communities. As a core participant, HIE was keeping a watching brief on proceedings, having submitted written evidence in June 2023.

- **Budget controls**

The Board noted an email from Scottish Government Director of Economic Development Colin Cook to HIE Chief Executive Stuart Black, seeking HIE's support to enable the government to deliver a balanced budget. The Chief Executive confirmed that several important spending controls were already in place, including measures affecting recruitment and travel. It was also noted that the Accountable Officer template remains in force.

The Scottish Government Deputy Director, Regional Economic Development, noted that guidance for public bodies was being prepared. It was recognised that decisions by these bodies would need to be guided by best judgement and pragmatism, with a key consideration being that no economic harm should result.

- **Sumitomo **RESTRICTED****

Ailsa Raeburn left the meeting.

The Chief Executive confirmed that discussions on land transactions had taken longer than anticipated, but expressed confidence that the parties involved were now close to reaching agreement. The Chair thanked the Chief Executive and HIE staff for their efforts towards achieving a positive outcome.

Ailsa Raeburn rejoined the meeting.

- **Space: SaxaVord**

It was understood that plans for the first UK sub-orbital rocket launch to take place from SaxaVord Spaceport on Unst later this year had been put back following the explosion of a launch stage during 'hot testing' by Rocket Factory Augsburg on 18 August. *[Sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].*

- **Space: Other matters**

HIE staff including the Chief Executive and Director of Strategic Projects had attended Farnborough International Airshow and held several productive meetings.

Sutherland Spaceport was progressing well and plans were in place for the HIE Board to visit the launch site in October. The road was approaching completion and Orbex's planning application to locate the range solution at Ben Tongue was expected to be considered by the Highland Council later this year. *[Sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].*

The Spaceport 1 project in North Uist was also progressing and a paper was scheduled for consideration by HIE in December.

- **C S Wind / Machrihanish**

[Paragraph removed due to commercial sensitivity].

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

- **Offshore wind port developments**

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

- **Arnish / Harland and Wolff**

The Director of Area Operations reported that HIE was continuing to engage with Arnish tenant Harland and Wolff and had met the new interim chief executive. *[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].

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

- **Bakkafrost**

The Director of Area Operations informed the Board that HIE continued to engage with Bakkafrost, which had made 77 staff redundant at its plants in Arnish and Marybank, and was seeking to help the company overcome present difficulties and plan for future investment in the Highlands and Islands. It was understood that around half of those who had been laid off had succeeded in obtaining new employment,

but significant concerns remained about impacts on the wider economy, including local businesses in Bakkafrost's supply chain.

[Paragraph 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].*

- **SGL Carbon, Muir of Ord**

The Director of Enterprise and Community Support reported that HIE was continuing to support SGL's operations in Muir of Ord, *[part of sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].*

- **Scottish Government**

The Director of Strategy and Regional Economy updated the Board on HIE's ongoing engagement with the Scottish Government over post-school education and skills reform. Consultation on the Withers Review was under way and outcomes were expected to be known early in 2025. It was agreed that HIE's response to the Withers Review would be shared with the Board. The Chair also noted that he and the Chief Executive had held discussions with Skills Development Scotland on addressing regional skills demand.

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

- **Organisational development**

Following internal recruitment, appointments have been made for two senior posts: Area Team Leader, Innse Gall (Kathleen Stewart) and Head of Property and Infrastructure (Charlie Lawrence).

It was noted that the most recent all-staff HR clinic had been held on 26 August and that an online equality and diversity training module had been launched for all employees.

- **Chair and Chief Executive engagement**

The Chair and Chief Executive had held a positive meeting with the Deputy First Minister. Matters discussed included HIE's role in securing recent large-scale investments in the Highlands and Islands and the government's focus on growing Scotland's economy. At the DFM's request, the Chief Executive had provided a follow-up paper. HIE also continued to question the current requirement to use the Accountable Officer template.

The Chair had discussed the importance of childcare on regional economic and community development with the Minister for Children, Young People and the Promise, and the Minister for Social Care, Mental Wellbeing and Sport. A paper was being prepared, highlighting relatively minor changes to process and guidance that could make a positive impact.

The Chief Executive had joined partner agencies at a meeting with the Minister for Public Finance, Ivan McKee, focusing on public service reform and best value. Efficiency measures that were being implemented had been highlighted, including the Business Support Partnership, shared services, office rationalisation and savings in staff costs and overheads. The Chief Executive also informed the Board that

two more agencies, Skills Development Scotland and the Scottish Land Commission, now had staff based in HIE's Inverness premises.

The Chair and Chief Executive had hosted a Highland visit from Barry White, Co-chair of the NSET Delivery Board. The itinerary included inward investor Haventus at Ardersier Port, local company Ross-shire Engineering and science businesses at Inverness Campus.

A working dinner with the Cairngorms National Park Authority had focused on opportunities for joint working.

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

The Chair noted that a successful Board engagement event had been held virtually for Lochaber, Skye and Wester Ross with Board members Anna Salgado and David Wilson participating. Topics raised by those attending included housing, with speakers stressing the need for effective partnership working and planning reform. HIE's advocacy role had also been commented upon and the Board noted a desire from the audience to focus on specific local actions as well as strategic issues. In discussion, the Board highlighted proposals to establish a national planning hub and the Chief Executive agreed to seek an update.

A meeting had been held with several councils in advance of the upcoming meeting of the Convention of the Highlands and Islands. Issues discussed included community benefit and the Chair was pleased to receive very positive feedback on the performance and impact of HIE's local area teams.

Keith Nicholson temporarily left the meeting by prior arrangement.

2 DECISIONS CO-DHÙNAIDHEAN

Note: *for scheduling reasons, item 3.1 was taken out of sequence at the meeting, before item 2.1.*

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

2.2 Programme of capital expenditure projects

Angus Campbell, Allan Clow and Calum Ross rejoined the meeting.

The Construction Frameworks Manager presented a paper setting out a programme of capital expenditure on several property projects that could be delivered at HIE's own hand in the current and subsequent two financial years. The Board were asked to approve proceeding to due diligence, including procurement to identify actual costs. *[Sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].*

The projects ranged from fit out of existing premises Solasta House on Inverness Campus and Creed Court in Stornoway to small business units in Broadford, Fort William, Golspie and Wick. These were considered to be projects that would meet growth aspirations in local areas and key sectors, but were not likely to attract interest from private developers. The creation of small business units in particular was intended to stimulate the economy in future years when demand was expected to grow.

It was noted that HIE had successfully delivered a programme of investment in small business units in different parts of the region in recent years and that lessons learned from this experience would be put into practice, such as opportunities to rationalise design, enabling units to be constructed more efficiently

and quickly. In response to questions, it was confirmed that each of the projects would be given net zero objectives and that a property disposal strategy was factored into HIE's plans.

The Chair asked whether some elements of the proposed projects would be classed as revenue funding rather than capital and the Director of Finance and Corporate Planning agreed this would need to be assessed on a case-by-case basis.

The Board approved progressing to due diligence, stating that this should include examining the pros and cons of HIE investing in property at its own hand as opposed to supporting the private sector, as well as giving an indication of the expected market demand that these projects were intended to meet and stimulate. Following due diligence, individual appraisal papers would be produced for each project to appropriate delegated authorities and progress to procurement. The programme would be managed by HIE's Business Infrastructure team.

Graeme Adair and Colin Cook left the meeting

2.3 Cnoc Soilleir Phase 2

Joanna Peteranna, Angus Campbell and Allan Clow left the meeting.

Kathleen Stewart, Mairi Buchanan, Natalie Campbell and Iain Bolland joined the meeting.

The Chair welcomed HIE staff to the meeting and congratulated Kathleen Stewart on her recent appointment as Area team Leader, Innse Gall.

The Board then considered a request that HIE provide capital grant support of £2.1m over three financial years to support Cnoc Soilleir Ltd, a joint venture between Ceòlas Uibhist Ltd and UHI North, West & Hebrides (UHI NWH), to develop phase 2 of its creative campus in Daliburgh, South Uist.

Phase 1 opened in September 2022, comprising office facilities, classrooms, a laboratory for its award-winning archaeological projects, and recording and music studio spaces. Phase 2 would include a performance hall with retractable audience seating, breakout, rehearsal and teaching spaces, and a dance studio. *[Sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].*

This was a community-led project to create a centre of excellence that would support the delivery and growth of Ceòlas' activity in Gaelic learning, music and dance as well as the educational and learning opportunities provided by UHI NWH. *[Sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].*

South Uist was within one of HIE's inclusive growth focus areas and the investment was considered vital both for the future of Gaelic and the island community itself. HIE funding was required for the project to go ahead and HIE's area team would work closely with the community company to support effective delivery and manage risks.

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

In response to a question on ferries, the area team agreed that service provision was an issue at present, however new arrangements were due to be in place when the facility was opened.

Calum Ross left the meeting.

The Board agreed to support the project and approve the recommendations and thanked HIE staff *[part of 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]. [Part of sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity], the project had the potential to deliver substantial benefits to Gaelic language and culture and support place-building and employment in a fragile island within one of HIE's inclusive growth focus areas.

*Kathleen Stewart, Mairi Buchanan, Natalie Campbell and Iain Bolland left the meeting.
Joanna Peteranna, Angus Campbell, Calum Ross and Allan Clow rejoined the meeting.*

2.4 Green Grant Fund programme 2024-28

Janice Findlay joined the meeting.

The Chair welcomed the Development Manager to the meeting, noting the Board members who had made transparency statements in relation to the Green Grant Fund at the start of the meeting.

The Board were asked to approve £2.7m capital funding for a programme of grants to support businesses and social enterprises to transition to net zero over three financial years ending 2027/28. An additional £35,000 was also requested for evaluation.

The programme would build on the demand for HIE's inaugural Green Grant Fund that ran from May 2023 until March 2024 and was open to social enterprises in all sectors and to businesses in tourism, creative industries and food and drink processing. This had proven highly popular with around 200 expressions of interest received over just three months and a total grant request of nearly £12m. A total of 33 projects had been approved with a potential spend of just under £2m, although five had subsequently been withdrawn for reasons beyond HIE's control.

In December 2023, the Board had approved an extension to the original Green Grant Fund programme, subject to budget availability, however it had not been possible at the time to take this forward. In the time since then, staff had taken the opportunity to review and refine the programme.

The grants would range from £20,000 to £250,000 and a variable intervention rate of between 10% and 40% was proposed, based on each applicant's need, although this could rise to 50% in inclusive growth focus areas. Eligibility criteria had been prepared and grants would be available across a broad range of sectors, with exceptions for those with high levels of displacement.

The Board approved the new Green Grant Programme, noting that it aligned with HIE's strategy and operating plan and would support Scottish Government priorities in the Climate Change Act 2019. As the proposed expenditure was less than £1m per year, an Accountable Officer template would not be required.

Janice Findlay left the meeting.

2.5 Fair Isle Bird Observatory

Katrina Wiseman and Iain Bolland joined the meeting.

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

Katrina Wiseman and Iain Bolland left the meeting.

3 UPDATES

CUNNTASAN AS ÙR

3.1 Inverness Campus

Karen Thomson joined the meeting.

Keith Nicholson was not present for this item.

The Project Lead, Inverness Campus, delivered an update on Inverness Campus, summarising progress made with delivery of phase 1 since the project was initially approved in 2007 and outlining plans for future development to optimise benefits realisation. This included exploring options to attract SMEs outwith the life sciences and technology sectors to increase occupancy within phase 1, while also progressing planning and public consultation for phase 2.

Parts of the Campus were now within the Inverness and Cromarty Firth Green Freeport (GFP), creating opportunities for tax incentives for new and innovative enterprises as well as potential capital funding for infrastructure. It was intended that phase 2 would continue to support the development of life sciences and technology businesses while aligning with GFP objectives to expand the renewable energy sector, and pursuing space industry opportunities.

It was noted that full delivery of the Campus Masterplan would depend on construction of the East Link Road by Transport Scotland, the timescale of which was unknown at present, and that some land which HIE owned at the southern end of the Campus was earmarked for housing in the Highland Council local plan.

The paper also proposed adding two new elements to the Campus vision, which currently describes the Campus as a place to learn; connect; create knowledge; deliver services, and live. The proposed additional elements were: to innovate and make, and to host 21st century enterprises.

[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 Board endorsed the proposal to revise the Campus vision, noting the benefits that would accrue from being able to attract clean businesses in a broader range of sectors, particularly those aligned with GFP objectives. It was important for HIE staff to continue discussions with the Highland Council in the runup to submitting a formal planning application. Efforts should also continue to be made to meet the Cabinet Secretary for Transport and seek clear guidance from Transport Scotland on the expected timescale for the East Link Road.

Karen Thomson left the meeting.

3.2 International trade and inward investment update

Vicky Grant joined the meeting.

The Head of Inward investment delivered a short presentation to set the scene for discussion with the Scottish Government and Scottish Development International (SDI) on HIE's approach to attracting foreign direct investment and supporting the growth of international trade. The agency aligned its activities with national strategy and worked in partnership with SDI across many projects, taking a lead in certain areas, including aquaculture and animal health, that were not priorities for Scottish Enterprise.

In 2023/24, 13 inward investment projects had been attracted to the region, supporting 430 jobs, and 45 HIE clients had been assisted to generate international sales with a total value of £47.7m. In the current year, there were currently 37 projects in the inward investment pipeline. It was noted that while the Inverness and Cromarty Firth Green Freeport represented a significant new opportunity, HIE would continue to develop and pursue opportunities across the whole of the Highlands and Islands.

Richard Rollison and Reuben Aitken joined the meeting.

The Chair welcomed the Scottish Government Director of International Operations and the Managing Director of SDI to the meeting and invited them to address the Board. The Director of International Operations delivered a presentation covering trade policy, investment and financial services, export and inward investment policy, and a strategic focus on key markets and sectors. It was noted that Scotland was the only part of the UK to have recorded growth in foreign direct investment for five consecutive years.

The SDI Managing Director then highlighted current priorities and opportunities, emphasising that the approach aimed to focus resources on opportunities that would deliver maximum benefits. Priority areas for international trade included science and technology, consumer industries and energy transition. Inward investment activities were focused on energy transition, space and software and IT, with large and fast-growing investors being targeted specifically. In 2023/24, SDI had a role in attracting 91 inward investment projects and helping Scottish companies generate an estimate £2.15bn in planned international sales.

Issues raised in discussion with Board members included challenges associated with trying to capture benefits within Scotland from businesses that were economically active in the country, but based overseas. The importance of aftercare and developing supply chain opportunities were highlighted in this regard.

There was agreement that key challenges to attracting investment at present included housing and skills, both of which required urgent attention and were priorities in the National Strategy for Economic Transformation. Grid connectivity was another important issue.

On the subject of branding, it was noted that SDI was well recognised overseas as a 'front door' for Team Scotland, while operating domestically as part of the Scottish Enterprise family.

The Chair thanked Mr Rollison and Mr Aitken for their presentations and for attending the Board in person to take part in a very open and productive discussion. It was important that both the Scottish Government and SDI recognised the breadth and scale of current opportunities in the Highlands and Islands, not only around the green freeport, but across the region.

There was also a need to ensure that clear protocols were in place and implemented between HIE, SE and SDI to ensure effective collaboration.

Vicky Grant, Richard Rollison and Reuben Aitken left the meeting.

3.3 Our People strategy – workforce planning RESTRICTED

Helen Herd joined the meeting.

The HR Director and the Head of HR introduced a paper for information, outlining the workforce development element of HIE's *Our People Strategy*, one of eight strategic themes, which had been reviewed and updated. Overall, the review found that this element, *Our Workforce Plan for Talent Attraction and Retention*, demonstrated strong progress and significant financial savings, and highlighted areas of focus.

A key aspect driving priorities in the workforce plan was the demographic profile of the organisation and the paper reported on headcount by directorate and area team along with age profile and gender mix. The Board welcomed this breakdown and discussed proactive steps that HIE was taking to drive positive change in challenging areas including HIE's age profile and gender pay gap. Members noted sensitivities concerning the reporting of staffing issues and the HR Director agreed to review wording around gender in particular.

The Board thanked the Director and her team for a clear and comprehensive report.

Helen Herd left the meeting.

3.4 Community benefit

Zoe Laird and Sarah Marshall joined the meeting.

The Head of Growth Deals and Digital introduced a paper including a progress report on HIE's strategic approach to community benefits and plans for further work in this area.

The paper underscored HIE's ambition to lead the in relation to maximising benefits for communities that were affected by economic development across the region. A range of activities was covered, including recent work with the Highlands and Islands Regional Economic Partnership (HIREP) on offshore wind, power transmission, aquaculture and inward investment, as well as HIE's approach to embedding community benefits into procurement.

The Board welcomed the report and the overall approach to community benefit being taken by HIE, which demonstrated strategic regional leadership. Members noted the challenges affecting progress towards maximising community benefit, including a lack of consistency among public bodies, as well as examples of good practice that were highlighted. The importance of effective governance was stressed.

It was noted that HIE's role to date had focused on proactive engagement with partners in HIREP and with developers to influence positive outcomes. *[Sentence removed in the interests of the effective conduct of public affairs].*

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

[Sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity]. It was important that HIE continued to demonstrate leadership and engage positively with the Scottish Government and local authorities.

The Board thanked the Head of Growth Deals and the Development Manager for an excellent paper and their participation in this important discussion.

Zoe Laird and Sarah Marshall left the meeting.

Angus Campbell and Anne-Marie Martin left the meeting.

3.5 Cairngorm RESTRICTED

Elaine Hanton and James Palmer joined the meeting.

The Senior Project Lead, Regional Infrastructure, and the Project Manager, Construction, presented an update on matters relating to Cairngorm.

[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].

[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].

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

The resort remained open seven days a week, operated by HIE subsidiary Cairngorm Mountain (Scotland) Ltd (CMSL) and the new mountain karting attraction was proving popular. As discussed previously, four CMSL board members would remain in post into 2025 and it was planned to appoint one more member. The Chief Executive would retire at the end of September and the Managing Director of Wave Energy Scotland would take on the role on an interim basis, supported by the existing management team.

The Board thanked the team, including former Head of Property and Infrastructure Dave Macleod, for the progress achieved in managing a highly complex and challenging programme.

Elaine Hanton and James Palmer left the meeting.

4 RESOURCES AND GOVERNANCE **GOIREASAN IS RIAGHLACHAS**

4.1 Performance update

The Head of Planning and Partnerships presented a summary of HIE's investment profile and performance against targets for the period from 1 April to 5 August 2024.

During this period, HIE had approved investment of £6.5m in direct support to third parties and £21.3m in 22 own-hand projects across the region, including phase two of the European Marine Science Park in Argyll and the Manufacturing Innovation Centre Moray.

Two-thirds of the full-time equivalent jobs (FTEs) supported to date were in inclusive growth focus areas (104 FTEs). The average wage of jobs supported was also higher in focus areas, driven by higher paying jobs in the energy and technology and advanced engineering sectors. However, this measure was currently slightly below target across the region as a whole, partly due to relatively low average wages in some important sectors such as tourism and food and drink.

While most targets were on course to be met, greater focus was required to deliver net zero and innovation-based interventions in line with HIE's Operating Plan and Strategy, and it was necessary to prioritise projects that support jobs, green investment and innovation to meet targets, as well as continuing efforts to deliver outcomes through non-financial interventions. The new Green Grant Fund and several potential port infrastructure projects were expected to make a significant positive impact on green capital asset and external green investment outcomes, which had fallen short of target in the previous year.

The report appeared to show that the number of organisations supported to increase productivity was currently forecast to fall well below target, however this was believed to be an inaccuracy due to how data was being recorded and would be reviewed.

In summing up, the Chair noted that a series of recent news releases from HIE had reported on 2023/24 out-turns at local area level. In future, it could be more helpful and reflective of HIE's role for such information also to be reported across several years to show HIE's medium term impact..

The Board thanked the Planning and Partnerships team and noted the contents of the report.

4.2 Financial statement to 31 July 2024

The Director of Finance and Corporate Services presented HIE's financial position and forecast at 31 July 2024.

[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].

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

The Board noted the financial position and thanked the Director.

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

4.4 Corporate risk register RESTRICTED

James Laraway joined the meeting.

The Director of Business Improvement and Internal Audit presented HIE's latest corporate risk register, noting changes since the previous version, including the addition of new entries highlighting risks to the economy of Lewis and best value and public service reform. A risk relating to organisational delivery had been removed.

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

The Board welcomed the report and the continued focus of the whole organisation on the corporate risks.

James Laraway left the meeting.

5 ITEMS FOR INFORMATION
CUSPAIREAN AIRSON FIOSRACHADH

5.1 Board effectiveness review

The Board noted the Board effectiveness review.

5.2 Any other business

There was no other business.

5.3 Forthcoming meeting dates

- 17 September, Risk and Assurance Committee
- 28-29 October, HIE Board meeting / Caithness and Sutherland visit

Chris Roberts
Head of Communications
27 August 2024