

BOARD MINUTE

27 FEBRUARY 2024

Highlands and Islands Enterprise



BOARD MEETING
COINNEAMH BÙIRD

**MINUTE OF THE HIE BOARD MEETING HELD ON TUESDAY 27 FEBRUARY 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)
Amanda Bryan (except item 2.3)
Simon Cotton
Freda Newton
Belinda Oldfield (except items 2.3, 3.1, 3.2 and 3.3)
Ailsa Raeburn
Calum Ross
David Wilson

PRESENT (ONLINE)

Keith Nicholson
Anna Salgado

IN ATTENDANCE (INVERNESS)

Carroll Buxton	Deputy Chief Executive
Douglas Cowan	Director of Communities and Place
Sandra Dunbar	Director of Business Improvement and Internal Audit
Nick Kenton	Director of Finance and Corporate Services
Karen Moncrieff	Director of Human Resources
David Oxley	Director of Strategic Projects
Chris Roberts	Head of Communications
Anne-Marie Martin	Deputy Director, Regional Economic Development, Scottish Government
Joanna Peteranna	Area Manager, Innse Gall, item 2.1
Natalie Campbell	Head of Enterprise Support, Innse Gall, item 2.1
Iain Bolland	Diligence Quality Manager, item 2.1
Greg Youngson	Property Development Manager, item 2.2
David Howie	Head of Strategic Projects, item 2.3
Karen Thomson	Senior Development Manager, item 2.3
Andrea Rutherford	Head of Policy, Digital Highlands and Islands, item 3.1
Elaine Hanton	Senior Project Lead, Regional Infrastructure, item 3.2
Dave Macleod	Head of Property and Infrastructure, item 3.2
Lorna Gregson-MacLeod	Head of Planning and Partnerships, item 4.3
James Laraway	Business Improvement Manager, item 4.5

IN ATTENDANCE (ONLINE)

Martin Johnson	Director of Strategy and Regional Economy
Andrew Carton	Team Leader (HIE), Enterprise Agency Sponsorship, Scottish Government
Colin Cook	Director of Economic Development, Scottish Government, item 3.3

1 STANDING ITEMS
CUSPAIREAN COTHROMACH

1.1 Welcome and apologies

The Chair welcomed everyone to the meeting, including Scottish Government colleagues Anne Marie Martin and Andrew Carton. Apologies had been received from HIE Director of Enterprise Support Rachel Hunter. It was noted that Belinda Oldfield would need to leave the meeting at 11.00 am and return around 2.00 pm.

1.2 Declarations of interest

Ailsa Raeburn declared an interest in Sumitomo, which was referenced in items 1.3, 1.4, 1.5 and 1.7, due to her role as a board member of Crown Estate Scotland. It was agreed that she would leave the meeting when the verbal project update was delivered during item 1.7 and if discussion ensued with the other relevant items. References to Sumitomo had been withheld from Board papers issued to Ms Raeburn.

Amanda Bryan declared an interest in item 2.3, *Inverness Campus and the Green Freeport*, as she is a board member of Port of Cromarty Firth. It was agreed that she would leave the meeting when this item was discussed.

Anne Marie Martin is a member of the Scottish Government’s moderation panel for green freeports.

Belinda Oldfield is a non-executive director on the Scottish Government Corporate Board.

The following Board members made transparency statements in connection with entries in item 5.1 *Quarterly Approvals October – December 2023*. Each approval had been decided by HIE staff, with no Board involvement, and none was considered to present a conflict of interest.

Board member	Transparency statement
Simon Cotton	Chief Executive of Macnaughton Holdings
Alistair Dodds	Board member, Highland Print Studio
Freda Newton	Member of Inverness Castle Delivery Group Business relationships with Isle of Skye Candle Company and Drumnadrochit Hotel
Ailsa Raeburn	Chair, Isle of Eigg Heritage Trust

1.3 Draft minute of Board meeting 12 December 2024 RESTRICTED

The minute was approved.

1.4 Draft minute of meeting 6 February 2024 – Sumitomo Electric Industries RESTRICTED

The Board noted that this meeting had been convened under HIE’s Standing Orders to enable the Chair and Chief Executive to deal with an urgent matter relating to the HIE Board approval of £24.5m to Sumitomo Electric Industries (SEI) for the development of a cable factory at Nigg. It was agreed that the minute would be amended to clarify that the decision to allow SEI to claim for pre-construction activity was subject to co-obligation being agreed.

With that amendment, the Board approved the minute and homologated the decision taken by the Chair and Chief Executive.

1.5 Draft minute of extra Board meeting 16 February 2024 RESTRICTED

The minute was approved. This meeting had dealt with two items, relating to CS Wind (UK) Ltd and Sumitomo Electric Industries.

1.6 Matters arising from the minutes and action grid

It was noted that staff guidance on email retention was due to be rolled out by the end of March and would be shared with Board members.

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

The Co-chair of the New Deal for Business Group, Dr Poonam Malik, had been unable to meet the Board of HIE today as planned, but was expected to attend a future meeting.

The Chief Executive reported that, although budget constraints meant that HIE's Green Grant Fund would not be available at the start of 2024/25, the prospect of re-introducing it during the course of the financial year would be kept under consideration. The Chair observed that the fund had proven successful in the present year, including attracting interest from companies that had not previously been involved with HIE.

It was agreed that HIE would continue to pursue the suggestion of hosting a joint event with the Scottish National Investment Bank, targeting businesses in the region. The HIE Chief Executive confirmed that further engagement had taken place with the Bank Chief Executive following the HIE Board meeting in December, with topics discussed including housing, transport and other infrastructure. HIE would continue to press the case for the Bank to consider 'place' in its investment criteria, *[part of sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].*

The Chair noted that a report on HIE's new financial system would go to the Risk and Assurance Committee which would next meet on 14 March. The Director of Business Improvement and Internal Audit (BIIA) reported that Committee members would also receive an update on HIE's implementation on subsidy arrangements as part of their ongoing development programme. All Board members would be welcome to take part in this session.

1.7 Chair and Chief Executive's update **RESTRICTED**

Ailsa Raeburn left the meeting.

Sumitomo

The Director of Strategic Projects reported *[part of sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].* He confirmed that relations between HIE and Sumitomo were very positive and that HIE expected to receive the first claim from the company in the current financial year.

Ailsa Raeburn rejoined the meeting.

Space

Construction was progressing on site at both SaxaVord and Sutherland spaceports. *[Sentences 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].

[Item removed due to commercial sensitivity].

AMTE Power

There was positive news regarding AMTE Power in Thurso, which had appointed administrators in January. HIE had worked closely with LionVolt, a battery technology company based in the Netherlands, including agreeing a lease for the Thurso premises. This had enabled LionVolt to acquire AMTE's assets and retain employment. *[Sentence removed due to commercial sensitivity].*

BT Alness

The Deputy Chief Executive confirmed that BT had now closed its operations at Alness. Staff skills had been in high demand and many former employees had been successful in finding new work. HIE continued to engage with BT *[part of sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].*

Arnish

The Director of Communities and Place informed the Board that the Arnish masterplan was near completion and a contractor had been secured for the removal of shot blast waste from the site.

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

Horizon Europe

HIE had applied to a Horizon Europe project call for €800,000 to support the region's aquaculture supply chain and circular economy.

SGL Carbon

SGL Carbon was closing several production lines worldwide, resulting in the loss of 74 jobs at its factory in Muir of Ord. HIE was in close contact with the company and a key focus was working with PACE partners to try to secure positive outcomes for the affected employees.

Scottish Government

The Director of Strategy and Regional Economy provided an update on HIE's engagement with the Scottish Government on several ongoing workstreams, including the refresh of the National Strategy for Economic Transformation, the Withers Review on Skills, and the Rural Delivery Plan. The Chair commented that the government had an obligation to carry out island impact assessments relating to strategic plans such as these and Anne Marie Martin indicated that she would pursue this point.

The Board welcomed the update, stressing the importance of the skills agenda to economic development across the region and noting challenges currently faced by colleges as a result of changes in the further education funding system.

Organisational development

The Director of Human Resources highlighted the important role of HIE's Workforce Planning Forum in leading a new approach to vacancy management and efficiency savings while ensuring that front line activities were protected. Staffing changes following the retirement of the Director of Communities and Place were noted and would be implemented during March. The Chair requested that the Board receive an updated organogram of senior staff members and their positions.

Orbital Marine Power

The Chief Executive reported that HIE had approved a £500,000 loan investment *[part of sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity]. [Sentences removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].*

Other issues

The Chair reported that the current recruitment exercise to appoint two new members to the HIE Board had met with a good response. Shortlisting had taken place and interviews were scheduled over two days on 21 and 22 March, with a view to the new members taking up their posts in April.

The Chair and Chief Executive were continuing a series of meetings with local authorities. North Ayrshire Council had raised concerns over issues affecting ferry services between Arran and the mainland, noting that many island businesses were facing serious difficulties. The Chair asked the Scottish Government to note this point.

The Regional Economic Partnership had held its most recent meeting in January, when the agenda covered several important issues in which HIE had a role to play both directly and indirectly, including ScotWind, community benefit, housing and childcare.

The Scottish Government had announced Mairi McAllan MSP as the new Cabinet Secretary for Wellbeing Economy, Net Zero and Energy. The Chair welcomed the decision to link net zero and the economy as a beneficial change for the Highlands and Islands and was looking forward to an early meeting with the Cabinet Secretary in March.

Board members commented that a recent series of Highlands and Islands articles in the Herald newspaper had been valuable in calling national attention to challenges facing the region. It was noted that HIE's proactive response had ensured the paper's coverage included information on how these challenges were being addressed by the agency and its partners.

2 INVESTMENT DECISIONS CO-DHÙNAIDHEAN AIRGEAD-TASGAIDH

2.1 MacMillan Spirits

Joanne Peteranna, Natalie Campbell and Iain Bolland joined the meeting.

The Area Manager, Innse Gall, presented a paper seeking Board approval to increase HIE's total funding package to MacMillan Spirits Co Ltd (formerly The Uist Distilling Company Limited) to £2,841,290. This was £851,000 above the original approval of £1,990,290, and would comprise £785,000 loan funding to aid cashflow and £66,000 grant towards furnishings and equipment.

[Paragraph removed due to commercial sensitivity].

The project would establish a new distillery and visitor centre, creating 21 full time equivalent jobs in Benbecula, producing high-quality spirits and adding to the tourism offering in a fragile island. The building had been constructed and installation of distilling equipment was expected to be completed soon, enabling distillation of gin and rum to begin in 2024. Whisky production would take place in the longer term. The distillation process would use renewable energy.

[Paragraph removed due to commercial sensitivity].

Some narrative and figures included in the appraisal paper appeared inconsistent or inaccurate and would need to be reviewed. *[Sentence removed due to commercial sensitivity].*

[Paragraph removed due to commercial sensitivity].

In further discussion, it was agreed that HIE would commission an independent valuation of the property, plant and equipment. *[Sentence removed due to commercial sensitivity].*

The Director of Finance and Corporate Services advised that Board approval would mean HIE was set to issue five loans before the end of the financial year, with a potential overspend of around £300,000 on the Financial Transactions budget. This would be discussed with the Scottish Government.

The request was approved, subject to a survey and valuation of property, plant and equipment being carried out and corrections made to inaccuracies in the appraisal paper, as noted above. Following these steps, authority to approve was delegated to the HIE Leadership Team.

The Chair then raised a point of governance concerning delegated authorities. Investment decisions with an approval value of £2m or more required a decision to be taken at Board level and it would be appropriate, in his view, for projects with a slightly lower approval value (such as the initial budget for this project) to follow the same process. *[Sentence removed due to commercial sensitivity]*. It was agreed that the Director of BIIA would consider this issue as part of lessons learned activity.

Joanne Peteranna, Natalie Campbell and Iain Bolland left the meeting.

2.2 Property factoring 2024/25

Greg Youngson joined the meeting.

The Property Development Manager presented a paper requesting funding to support the operation and management of HIE's commercial property portfolio, which currently has 87 tenants. The portfolio has a capital value of almost £30m, generates annual revenue income for HIE of approximately £2.12m and comprises:

- around 62,000 sq m commercial space;
- 40 industrial and 51 office lettable units;
- 70 development plots;
- 12 plots let to businesses;
- Cairngorm Mountain Estate, and
- Orbst Estate.

[Paragraph removed due to commercial sensitivity].

For 2024/25, a total Property and Factoring Consultancy budget of £2,821,742 gross was being requested to cover general operational costs, repairs and recoveries; head rents; void business rates and service charges; property insurance; marketing, and property management. Following recoveries, including service charges and insurance, the net cost would be £1,792,098. Options to reduce costs, including potential demolition of some void properties, were under consideration and would be reviewed through the course of the year. For clarity, it was noted that costs associated with HIE-occupied offices were not included in this budget request.

The Board noted the role of property in generating revenue for HIE and welcomed year-on-year reductions in the annual factoring cost. It was also noted that a property demand survey, which was currently in progress, would inform future actions by HIE. *[Sentence removed in the interests of the effective conduct of public affairs]*.

Questions then focused on individual property and land holdings. *[Sentences 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].

Board members observed that it would be helpful to have an opportunity to discuss land and property matters in more depth, *[part of sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity]*. It was agreed to arrange time for such discussion before further decisions are required on these subjects.

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

The Board approved the Property Factoring budget 2024/25.

Greg Youngson left the meeting.

Belinda Oldfield left the meeting.

2.3 Inverness Campus and the Green Freeport RESTRICTED

Amanda Bryan left the meeting.

David Howie and Karen Thomson joined the meeting.

The Board considered a paper on the development of Inverness Campus, in particular a proposal to designate approximately 11 hectares as a Green Freeport tax site.

The Inverness and Cromarty Firth Green Freeport company was keen to have tax site delivery agreements (TSDAs) signed with relevant landowners, including HIE, at the earliest opportunity. A TSDA was a legal document setting out the requirements of the landowner within a proposed tax site. Its obligations would include the amount of the annual levy to be paid by HIE and the reporting requirements to the Green Freeport company. *[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].

The Board welcomed the update, *[part of sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].* Staff confirmed that land falling outwith the designated Green Freeport area of the Campus would continue to be marketed and was particularly suitable for companies that did not meet freeport criteria for tax incentives. It was stressed that HIE remained committed to the original vision of Inverness Campus as a location for research and innovation with a strong ethos for fostering collaboration.

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

The Board thanked HIE staff for the update and approved the request for HIE to sign a tax site delivery agreement with the Green Freeport company, delegating authority to finalise this to HIE's Leadership Team.

David Howie and Karen Thomson left the meeting.

3 UPDATES **CUNNTASAN AS ÙR**

3.1 Digital

Amanda Bryan rejoined the meeting.

Andrea Rutherford joined the meeting.

The Head of Policy, Digital Highlands and Islands updated the Board on HIE's digital infrastructure activities. This covered subjects including conclusion of clawback arrangements under the Digital Scotland Superfast Broadband (DSSB) programme, research completed and proposed activity in 2024/25.

Project build for the Highlands and Islands Next Generation Broadband project, delivered for HIE by BT Openreach as part of DSSB, was completed in December 2020. By its conclusion, the project had delivered improvements to approximately 194,000 premises and increased fibre broadband coverage in the Highlands and Islands to around 93%. The overall capital spend for the project was £138.9m.

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

It had been agreed with funding partners that DSSB clawback funds would be used to deliver capital projects aligned with Scotland's digital strategy. HIE was now involved in the early development of several projects to use clawback funds to achieve wider digital adoption and utilisation, with guidance from its Digital Programme Advisory Group.

Activity in 2024/25 would focus on three themes: digital issues and opportunities; supporting innovation to reduce the digital divide, and HIE's role in influencing to maximise digital investments by others.

In discussion, the Board commented on the relatively low uptake of Scottish Government voucher schemes to improve connectivity in the Highlands and Islands, despite there being a high number of eligible premises. It was noted that other parts of the country had experienced a marked rise in voucher projects following the introduction of a digital engagement resource and the Board were pleased that this approach was now to be followed by HIE.

Regarding the digital divide, the Board recommended that HIE consider this issue more broadly, taking into account other potential changes affecting rural communities, such as Ofcom consultation on the universal service obligation.

Board members welcomed the success of the programme in delivering infrastructure and encouraging uptake, while also recognising that extending the reach of both broadband and mobile connectivity to all parts of the region remained challenging. There was a request for more detailed information regarding what proportions of the region's population and geography had access, in addition to numbers of premises covered, and it was agreed this would be provided in a future update.

Andrea Rutherford left the meeting.

3.2 Cairngorm RESTRICTED

Elaine Hanton and Dave Macleod joined the meeting.

HIE's Senior Project Lead and Head of Property and Infrastructure updated the Board on the current situation with the Cairngorm funicular railway, which had been withdrawn from service in August 2023.

[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].

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

Elaine Hanton and Dave Macleod left the meeting.

3.3 Presentation on the Green Industrial Strategy from the Scottish Government Director of Economic Development

Colin Cook joined the meeting.

The Scottish Government Director of Economic Development delivered a presentation on the development of the forthcoming national Green Industrial Strategy which was being designed to develop opportunities for Scotland's economy arising from global transition to net zero. *[Sentence removed in the interests of the effective conduct of public affairs].*

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

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

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

Colin Cook left the meeting.

4 RESOURCES AND GOVERNANCE **GOIREASAN IS RIAGHLACHAS**

4.1 Financial statement

Belinda Oldfield rejoined the meeting.

The Director of Finance and Corporate Services presented a paper describing HIE's financial position and forecast at 31 January 2024, along with a verbal update covering matters that had arisen during February.

Regarding the capital budget, the paper reported that the negative reserve continued to be reduced and was now approximately £500k. Capital over-commitment had also fallen to £500k so forecast accuracy was important to ensure that a balanced budget was achieved.

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

For revenue, there was a positive reserve of £410k and the forecast was close to being balanced. Where possible, HIE would look to relieve pressure on the next financial year by bringing commitments forward.

[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].

4.2 Opening budget 2024/25

The Director of Finance and Corporate Services presented the draft opening Capital, Financial Transactions and Revenue budgets for 2024/25.

[Sentence removed in the interests of the effective conduct of public affairs]. Opening Resource (usually referred to as revenue in HIE) had been reduced by £1.4m (4.9%) after allowing for technical adjustments and the impact of this was exacerbated by ongoing impact of the 2023/24 settlement. The opening budget for Capital had been reduced by £4m on a like-for-like comparison basis (equivalent to around 15%). The Financial Transactions budget had been reduced from £1.9m to zero.

For capital, the 'first cut' budget had been set in line with HIE's usual approach, with top-sliced budgets for larger projects and programmes balanced with discretionary budgets allocated to business units for smaller value activity. *[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].

It was noted that the removal of the Financial Transactions budget would affect HIE's ability to invest in loan or equity, which would now have to be charged to capital.

The Director also set out measures being taken to deliver efficiencies and to keep running costs as low as possible. *[Sentence removed in the interests of the effective conduct of public affairs].*

All budgets had been set in line with Operating Plan priorities.

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

The opening budget for 2024/25 was approved.

4.3 Performance summary

Lorna Gregson-MacLeod joined the meeting.

The Head of Planning and Partnerships presented a summary of HIE's performance against targets from 1 April 2023 to 1 February 2024. During this period, HIE had approved £38.9m of third-party investment through 211 projects across the region.

Performance against key measures had rallied since the last update, given in December 2023, bolstered by inclusion of the Sumitomo project output. Without Sumitomo, all measures would have remained at RAG status red, with the exceptions of Increase in International Sales and Turnover in the Social Economy. Progress was proving challenging against net zero and productivity measures and these were expected to fall below the target range at the year end. Another challenge concerned the target for jobs supported in fragile areas.

There was a continuing reliance on the traditional sectors of food and drink and tourism, which accounted for 58% of jobs supported, excluding Sumitomo. Greater use of client actions and non-financial assistance was paying dividends and clearly growing as a route to achieving outcomes across all measures and particularly for External Investment Secured and Net zero Action Planning.

Board members commented that progress was encouraging given that several targets had been deliberately set at considerably higher levels than previous years and the prevailing economic conditions affecting the whole country remained very challenging. It was suggested that recently-introduced green measures could be reviewed to ensure the most appropriate impacts were being recognised. The Head of Planning and Partnerships acknowledged this, but explained that the rationale at this early stage had been to ensure clients were undertaking measurements to establish baselines against which progress could be assessed.

The Board thanked staff for the update and noted the efforts of staff across the organisation in achieving progress.

4.4 Operating plan update

The Director of Strategy and Regional Economy updated the Board on work that was under way to develop HIE's operating plan for 2024/25.

HIE's Leadership Team had held a planning session on 20 February, focusing on how the four pillars of HIE's five-year strategy – people, place, planet and prosperity – could best be translated into actions, along with delivery of cross-cutting themes of net zero, fair and inclusive growth and regional transformational opportunities. Discussions were in the context of HIE's challenging budget position, and informed by work undertaken by HIE staff during the previous weeks to assess and prioritise planned activities.

During 2024/25 HIE would:

- focus on geographic places of greatest need;
- develop and deliver a more deliberate approach to achieve greatest impact and outcomes;
- take forward regional transformational opportunities (RTOs) – including, but not limited to offshore wind, blue economy and space;
- make greater use of HIE staff expertise, knowledge and experience – for example in areas including entrepreneurship, leadership and innovation;
- identify and pursue appropriate sources of external funding to enhance our resources;
- continue to deliver internal efficiencies and best value supporting public service reform;
- engage and influence government and partners to bring more investment into the region, and
- ensure measurement and targets align with strategic aims and ambitions to enhance our reputation as a key delivery agency for government.

In response to a question from the Chair, the Director confirmed that the Scottish Government letter of guidance to HIE was expected to be received in April this year. The Board emphasised the need to ensure alignment between HIE's strategy and the forthcoming Green Industrial Strategy that had been outlined earlier in today's meeting. Members also welcomed the focus on geographic areas in need and highlighted the need to measure impacts arising from HIE's non-financial support and influencing role, including key strategic issues affecting economic activity, such as housing and childcare.

The Director would circulate his presentation and Board members were invited to submit comments and questions by Friday 8 March. The 2024/25 operating plan will be presented to the Board at its meeting on 22 April.

Lorna Gregson-MacLeod left the meeting.

4.5 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 that no risks had been added or removed since the previous version was reviewed.

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

Commentaries had been added to the introductory page in relation to Cairngorm and medium- and longer-term financial environment risks. Staff were also focused on ensuring lessons learned were captured and embedded, and would be taking an update paper on this to the Risk and Assurance Committee.

In discussion, Board members recommended that operational risks at Cairngorm and structural risks for the funicular railway should be reported separately and it was agreed that this would be reviewed. Risks associated with the cut in HIE's budget for financial transactions were also noted and the Director reported that HIE was engaged in discussions with the Scottish Government regarding a potential new approach to risk-taking involving loans and financial interventions across the public sector.

The Chair commented that Belinda Oldfield, who would be leaving the Board at the end of March, had played an important role in improving HIE's risk processes. He thanked the team for the clarity and focus of the risk register, which was greatly appreciated by Board members.

James Laraway left the meeting.

4.6 Draft minute of Risk and Assurance Committee meeting 5 December 2023 RESTRICTED

Angus Campbell, as Chair of the HIE Risk and Assurance Committee (RAC), presented the draft minute of the most recent meeting, held on 5 December 2023. Draft RAC minutes are routinely presented to the HIE Board for awareness before being formally approved by the Committee.

4.7 Draft minute of Remuneration Committee 8 January 2024 RESTRICTED

Freda Newton, as Chair of the HIE Remuneration Committee, presented the draft minute of the most recent meeting, held on 8 January 2024, for information. *[Sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].*

5 ITEMS FOR INFORMATION **CUSPAIREAN AIRSON FIOSRACHADH**

5.1 HIE publication scheme: quarterly approvals October-December 2023

The Board noted the latest HIE quarterly approvals list, covering the period from October to December 2023.

5.2 Our people strategy

The Board noted an update to HIE's *Our People strategy*, defining HIE's ambition for its workforce. The update described progress since the strategy was first developed and implemented in 2022 and new priorities and areas of focus that had been identified.

5.3 Any other business

The Chair commented that this meeting would be the last full Board session to be attended by Board members Amanda Bryan and Belinda Oldfield, who had reached the end of their final appointments, and Director of Communities and Place Douglas Cowan, who was retiring. Tributes were paid to all three, highlighting their dedication to HIE and significant contributions to the economic and community development of the Highlands and Islands over many years. Each had played an important role in enabling the agency to address challenges and opportunities effectively across the region and would be missed by colleagues on the HIE Board and among staff.

There was no other business.

5.4 Forthcoming meeting dates

- 29 February: Community Benefits sub-group
- 14 March 2024: HIE Risk and Assurance Committee in Inverness and online.
- 22 April 2024 HIE Board in the Outer Hebrides and online.

Chris Roberts
Head of Communications
27 February 2024