

HIGHLANDS & ISLANDS ENTERPRISE**MINUTE OF THE MEETING OF THE MANAGEMENT GROUP HELD ON MONDAY, 3 JULY 2006**

PRESENT: Douglas MacDiarmid (Director - Global Connections) (In Chair)
Douglas Yule (Director – Area Operations)
Andrew Anderson (Strengthening Communities)
Diane Duncan (Developing Skills)
Jeff Foot (Business Growth & Research)
Owen O’Donohue (Corporate Services)
Andrew Ross (Secretary)
Murdina Macdonald (Argyll & the Islands Enterprise) (Item 3 only – by VC)
Angela Vernel (Argyll & the Islands Enterprise) (Item 3 only – by VC)

1 MINUTES OF THE MEETING HELD ON MONDAY, 19 JUNE 2006 (MG 20/06) (HIE 2004/0228)

These Minutes were approved.

2 HIE NETWORK HEAD AND GROUND LEASES 2006/07 (HIE 2005/00510) (PCS)

Approval was given for expenditure of up to £475,000 to meet the HIE Network’s ground and head lease rental commitments during 2006/07, funds to be debited to HIE’s Block A funding allocation. It was noted that discussions were underway with a number of other bodies in relation to the future use of the Network-owned premises at Castle Wynd, Inverness.

3 WESTERN FERRIES (CLYDE) LTD – INFRASTRUCTURE IMPROVEMENTS AT HUNTERS QUAY, DUNOON (AIE 2005/00884) (PCS 38470)

In introducing this paper, staff from AIE outlined the strategic importance to the Argyll area of the gateway town of Dunoon, and the need for fast and effective links to the Central Belt of Scotland. Specifically, Dunoon was of critical importance to the economic regeneration of the whole of the Cowal peninsula.

A number of minor errors in the paper were described and it was agreed that a revised version of the paper should be submitted to HIE and retained on file. The errors related to the overall project costs and funding, which would, in fact, be lower than those set out in the paper and to the timing of the release of funds, which would be during 2007/08, rather than during 2006/07 as suggested in section 6.

The proposed development was welcomed by the Group, in particular the significant injection of private sector capital. The issue of additionality was discussed in detail and, while it was accepted that the company would probably undertake this kind of development at some point in the future at its own hand, the contribution from the public sector at this time meant that the benefits of the project would be secured for Argyll at a much earlier stage. This, in turn, would allow the company to proceed sooner with other related developments which would, it was expected, lead over time to a 24 hour service and newer, faster ferries operating on the route.

Taking all of the issues discussed into account, it was agreed to approve a sum of £398,400 for the purposes of improving the infrastructure at Hunters Quay, Dunoon subject to reassurances, firstly that Scottish Executive Transport colleagues were aware of and supportive of the proposed

investment, secondly that discussions had taken place with the company to agree a forward strategy for the route, acceptable to AIE and thirdly that the local authority had confirmed that they were unable to share the costs of the work proposed.

It was noted that Gordon Ross, Managing Director of Western Ferries and Peter Timms, Board Member of Caledonian MacBrayne were also Directors of Argyll & the Islands Enterprise. In the case of Peter Timms, he was currently Chairman of AIE and would be taking on the chairmanship of the Board of Caledonian MacBrayne in July 2006.

A Ross
4 July 2006
HIE 2004/02228