

HIGHLANDS & ISLANDS ENTERPRISE**MINUTE OF THE MEETING OF THE MANAGEMENT GROUP HELD ON MONDAY, 10 JULY 2006**

PRESENT: Sandy Cumming (Chief Executive)
Forbes Duthie (Director – Corporate Services)
Douglas MacDiarmid (Director - Global Connections)
Jackie Wright (Director – Business Growth & Research)
Douglas Yule (Director – Area Operations)
Catriona Eagle (Developing Skills)
Stewart Lackie (Human Resources)
Alistair Nicolson (Strategy)
David Smillie (Strengthening Communities)
John Stodgell (Business Growth & Research) (Item 4 only)
Archie McCreevy (HIE Inverness & East Highland) (Item 5 only)
Marshall Doig (HIE Inverness & East Highland) (Item 5 only)
Raine MacLennan (HIE Inverness & East Highland) (Item 5 only)
Andrew Ross (Executive Office)
Alison MacNeill (Executive Office)

1 MINUTES OF THE MEETING HELD ON MONDAY, 3 JULY 2006 (MG 21/06) (HIE 2004/0228)

These Minutes were approved.

2 HIE PROPERTY FACTORING 2006/07 (HIE 2005/00510) (PCS 38300)

To ensure the continued effective management of the HIE property portfolio during 2006/2007, the Group approved the allocation of up to £970,000 from Block A Operating Expenditure Budget. The requirement for regular reviews was highlighted.

3 DELIVERY OF GROWING COMMUNITY ASSETS FOR THE BIG LOTTERY FUND (HIE 2006/00097) (PCS 38578)

Approval for expenditure of £3.9 million over three years, for the delivery of the Growing Community Assets programme by the Community Land Unit, with all costs of delivery fully recoverable from the Big Lottery Fund, was granted by the Group. A number of minor adjustments were required to the detail of the paper and staff undertook to produce a revised version of the paper as a matter of urgency. As there were no grant-in-aid implications arising from this approval, it was agreed that formal HIE Board approval was not required.

4 ADVICE SUPPLY PARTNER RETENDERING – CONTRACT AWARD RECOMMENDATIONS (HIE 2006/00141)

The Group made the decision to defer the paper as it was considered that greater evidence would be required if the recommendation made was to be substantiated. It was agreed that John Stodgell, Forbes Duthie and Douglas Yule would meet to discuss the proposals further with a view to a final recommendation being brought back to Management Group on 24th July 2006.

5 NETWORK ASSISTANCE

Application Approved

GLP N00851
411/N/N00622/01
FTE Created: 62.75
Avge Wage per FTE: £22,500

Ross-shire Engineering Ltd
Industrial Estate, Muir of Ord

Assistance Recommended

Building Grant	£263,000
Deminimis Grant	£ 37,000
New office and workshop	

Conditions

- (i) Special conditions as in Section 12 of paper
- (ii) Others as normally imposed
- (iii) Appointment of non-executive director with financial expertise within 12 months
- (iv) Retention of part of the grant until projected job numbers are reached/ sustained for a 6 month period

In introducing this paper, staff from HIE-IEH outlined the relevance of this project to the HIE Network's strategic priorities for Growing Businesses and Global Connections, relating particularly to the priorities for promoting a culture of enterprise, supporting businesses of scale and positioning the Highlands & Islands as a globally attractive location. The Group welcomed the project and acknowledged the ambitious expansion of the design, supply and manufacturing company in a developing utilities market. In approving Network assistance of up to £300,000, specific focus was given to the issue of additionality and assurances were given that this aspect of the case had been fully and rigorously tested during the appraisal process. In confirming approval, a number of additional conditions were agreed. These included the need for the company to appoint a non-executive member with appropriate financial experience to the Board of the company within twelve months, and the imposition of a retention of around £50,000 until the numbers of FTE staff reached the figures set out in the paper and remained relatively constant for a 6 month period. It was also agreed that extremely tight client management by LEC staff would be critical for a company of this scale and at this crucial stage of its development.

A J MacNeill
10 July 2006
HIE 2004/02228