

FOR PUBLICATION

HIE 2/07

HIGHLANDS & ISLANDS ENTERPRISE

MINUTES OF THE MEETING OF THE BOARD HELD IN PRIVATE ON TUESDAY, 27 MARCH 2007 AT 0900 IN AN LANNTAIR STORNOWAY

PRESENT: William Roe (Chair)
Sandy Cumming (Chief Executive)
George Campbell
Wilma Campbell
Lyn Forbes
Duncan MacInnes
Angus Mackenzie
Andy Rogers
Grant Sword
Susan Torrance

IN ATTENDANCE: Sandy Brady (Director - Strategy)
Forbes Duthie (Director – Corporate Services)
Alex Paterson (Director - Developing Skills)
Jackie Wright (Director - Business Growth and Research)
John Watt (Director - Strengthening Communities)
Douglas Yule (Director - Area Operations)
Finlay MacDonald (Chair - HIE Innse Gall)
Donnie MacAulay (Area Director - HIE Innse Gall)
Anna Miller (Executive Office)
Anne Muirden (Executive Office)

1 WELCOME

The Chair welcomed Finlay MacDonald, Chair of HIE Innse Gall, and Donnie MacAulay, Area Director.

2 APOLOGIES

An apology for absence was intimated on behalf of Drew Ratter.

3 DECLARATION OF INTEREST

Wilma Campbell, as a Member of the Board of Governors of UHIMI, declared an interest in Item 7(1) – UHI. In line with our Conflict of Interest procedures, the paper had not been sent to her and she took no part in the discussion. Andy Rogers also declared an interest as HIE's representative on the Board of Governors of UHIMI. Again, in line with our Conflict of Interest policy, Mr Rogers took part in the discussion but not in the decision. In relation to Item 7(2) – Eden Court Theatre – Douglas Yule declared an interest as the Chair of the Board of Governors of Eden Court. The paper had not been sent to him and he took no part in the discussion. George Campbell, as our representative on the Board of Governors, took part in the discussion but not in the decision. Susan Torrance and Andy Rogers declared a potential interest in Item 6 – Chief

Executive's Updates – and left the room during an update on a potential application for Network assistance.

4 MINUTES OF THE MEETING HELD ON TUESDAY, 20 FEBRUARY (HIE 1/07)

These Minutes were approved.

5 MATTERS ARISING

Referring to Item 4 – the Chief Executive said that the draft report on the investments made at Arnish and on options for the future use of the estate had not yet been finalised, but he hoped to bring a report to the Board in May on the findings.

6 CHAIR'S AND CHIEF EXECUTIVE'S UPDATES

The Chair had taken part in the Convention of the Highlands and Islands in Stornoway on 5 March when three important topics were covered – demographic change, changes in the planning framework and renewable energy.

Along with the Chief Executive, the Chair had met representatives of Argyll & Bute Council on 27 February to discuss planning issues and ferry services to the islands.

A productive meeting had been held with the Chair and Chief Executive of the Scottish Arts Council providing the opportunity to explain HIE's cultural remit in the Highlands and Islands.

On 16 March constructive dialogue was held with Malcolm Reed, the Chief Executive of the new agency, Transport Scotland.

The Chief Executive and Jackie Wright updated the Board on the Marine Harvest/PanFish merger announced in December. A new company, Marine Harvest Scotland, had been created and a review of their fish farming sites was to be undertaken to identify the most profitable areas for growing healthy fish. As Marine Harvest owned three processing plants in the HIE area, some rationalisation of activity could result in closure of sites. Discussions had been held with the company and SEERAD and these were ongoing. The Board would be kept informed of progress.

The Chief Executive informed the Board of personnel changes in the senior team at Lifescan in Inverness which were likely to result in further investment and innovation with a consequent impact on the growing health science sector in the area.

The three island authorities, HIE and the Scottish Executive had commissioned a subsea cable study, the results of which would be available soon. Further work had also been done on the regulatory challenges impeding development. These issues would be covered by Elaine Hanton in a presentation to the Board in May.

Wilson Malone, the new head of Enterprise Networks division in the Scottish Executive had visited Cowan House on 13 March to meet the Management Team. Further dialogue would be held with him and his team in Glasgow in order to develop the relationship.

Following Stuart Black's appointment to the post of Director of Global Connections, interviews for the vacant post of Area Director of HIE Inverness & East Highland would be held on 5 April.

At this point Susan Torrance and Andy Rogers left the room.

Item removed for reasons of commercial interest.

At this point Susan Torrance and Andy Rogers returned to the room.

7 NETWORK ASSISTANCE

At this point Wilma Campbell left the room.

Item removed for reasons of substantial prejudice to the effective conduct of public affairs.

At this point Wilma Campbell returned to the room.

At this point Douglas Yule left the room.

(2) EDEN COURT THEATRE (HIE 2007/00547)

This paper outlined the case for increased Network assistance to meet the cost of redevelopment and refurbishment of Eden Court Theatre. The Network had already contributed £2,500,000 towards the project but issues connected to the performance of the design professionals in building the new extension and unforeseen problems with the fabric of the existing buildings had led to increased costs. Discussions had been held with the other funding partners – Eden Court, Scottish Executive, Highland Council, and HIPP, and agreement reached on the amounts which might be contributed to achieve the £3,000,283 shortfall.

George Campbell, HIE's representative on the Theatre's Board of Governors, highlighted the significance of the cost over-run and the implications for the Theatre of further delays. Board members underlined their support for the venture and were satisfied that the costs described in the paper were necessary in order to complete the redevelopment. It was agreed, therefore, to approve an additional £600,000 towards the redevelopment and refurbishment of Eden Court Theatre, £400,000 in 2007/08 and £200,000 in 2008/09, or 14% of the total additional costs, whichever was the lower sum, to be debited from HIE Inverness and East Highland's budget.

At this point Douglas Yule returned to the room.

Item removed for reasons of substantial prejudice to the effective conduct of public affairs.

8 MONITORING REPORTS

(1) HIE COMMITMENT REPORT 2007/08 (HIE 2006/00768)

This report updated the Board on the overall Network commitment position and highlighted current pipeline projects. Forbes Duthie referred to the record amount of resources, at £133,021,000 available for the coming year. Of this, 91% amounted to approved commitment. The spend profile on large projects, showing at £46.6m, continued to increase in line with our strategy and this would inevitably have an impact on the level of discretionary spend available for other projects. On a question about a possible spending review following the Holyrood elections, Mr Duthie said that such a review would not affect the 2007/08 allocation. Asked about our ability to manage larger projects, Mr Duthie said that our expertise in this area had increased and was evident in the number of projects which

ran to budget. Project management training was regularly under review to ensure that projects were monitored to the highest standards. It was reported that benefits realisation in relation to large projects would form part of the report to the Board on the Year End Review in May.

(2) DRAFT MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 12 MARCH (HIE 2004/05375)

This paper was noted. Angus Mackenzie, Chair of the Audit Committee, drew attention to the new regular reports which would be tabled by the Area Operations Group given the role of the Group in covering issues relating to audit reports, finance, risk registers, FOI requests and complaints as they affected individual LECs.

9 OTHER BUSINESS

(1) BOARD MEMBERS' UPDATES

Susan Torrance reported that she had delivered a UHI Public Lecture on Affordable Housing in the Highlands and Islands. A DVD was available.

(2) DRAFT PROGRAMME FOR THE MAY MEETING IN CAITHNESS AND SUTHERLAND INCLUDING THE NETWORK LEADERS' FORUM

The draft Programme was agreed. Following the successful dinner with the Board of Lews Castle College the evening before, it was agreed that opportunities should be taken to meet the Board of the other UHI academic partners during future visits to other LEC areas.

A C Muirden
12 April 2007