

FOR PUBLICATION

MT 13/07

HIGHLANDS AND ISLANDS ENTERPRISE

MINUTE OF THE MEETING OF THE MANAGEMENT TEAM HELD ON TUESDAY 8 MAY 2007

PRESENT: Sandy Cumming (Chief Executive)
Stuart Black (Director – Global Connections)
Jackie Wright (Director – Business Growth and Research)
Alex Paterson (Director – Developing Skills)
Sandy Brady (Director – Strategy)
Douglas Yule (Director – Area Operations)
John Watt (Director – Strengthening Communities)
Brian Macgill (Corporate Services)
Robert Muir (Area Director – Skye and Wester Ross) (item 2 only, by VC)
Anna Miller (Executive Office)
Anne Muirden (Executive Office)

1 THE MINUTE OF THE MEETING HELD ON MONDAY 30 APRIL 2007 (MT 12/07) (HIE 2007/00262)

The minute was approved.

2 RAASAY HOUSE COMMUNITY COMPANY LTD (SWR 2007/00365)

This paper proposed that Raasay House Community Company Ltd (RHCC) proceed to acquire the remainder of the HIE owned property on the island of Raasay, including Raasay House. In particular, RHCC would undertake the redevelopment of the house in order to bring it to a standard capable of accommodating a variety of commercial and economic activities appropriate to Raasay.

In order to secure community support, RHCC undertook two ballots of the Raasay community, first to agree the principle of community ownership, and secondly the specific proposal to acquire and redevelop the property from HIE. Both ballots achieved majorities in favour, in the later case 65 for and 52 against.

For the foreseeable future this proposal would mean leasing the property to Raasay Outdoor Centre (ROC), with the future option that the building may be put to different use. The rental income generated by having a commercial tenant occupying the building would be sufficient to allow the company to administer itself, manage the property, and undertake cyclical repairs and replacements. It was proposed that work would commence on Raasay House in February 2008 and completion scheduled for January 2009.

In discussion it was understood that a letter had been sent to RHCC from the BIG Lottery regarding the Outline Proposal Form submitted by RHCC in April 2007 for a £1m contribution from BIG. Any formal application from RHCC to BIG Lottery would have to be appraised by the Big Lottery Fund themselves, with a target of being considered by the BIG Growing Communities Assets committee in mid-July 2007. Staff undertook to review the necessary funding package prior to the paper being finalised for consideration by the HIE Board.

Taking these issues into account, the proposal was recommended for approval by the HIE Board at their meeting on 15 May 2007.

3 HIE PROPERTY FACTORING 2007/08 (HIE 2007/01000)

This paper was deferred in order that staff could prepare a composite paper detailing factoring costs generated by HIE property and infrastructure.

4 OTHER BUSINESS

1. PROJECT AMENDMENT: ORTAK JEWELLERY LTD (OE 2004/00343)

In June 2004 the HIE Board approved financial assistance towards the development of Ortak Jewellery Ltd by way of £300,000 Preferred Shares; £50,000 De Minimis Grant and £50,000 Development Grant.

The £300,000 £1 shares were acquired by HIE in November 2004, with no dividends payable in the years ended January 2005, 2006 and 2007. A fixed cumulative preferential cash dividend of 4% would be incurred in the current year to January 2008, this rising to 6% in the year to January 2009 and increasing thereafter to 8% until the redemption date of 31 January 2010. All the grants had been claimed and the project had proceeded.

Section removed for reasons of commercial interest.

Following discussion it was agreed that HIE would defer the preference share redemption by one year from 31 January 2010 to 31 January 2011, with the dividend for that extended period to be at the rate of 8%. This decision was on the condition that Ortak Jewellery Ltd Directors would not claim a dividend in that year. It was also requested that HIE Orkney staff continue to work closely with Ortak Jewellery Ltd.

A Miller
8 May 2007
HIE 2007/00262