



BOARD MEETING
COINNEAMH BÙIRD

MINUTE OF THE EXTRA HIE BOARD MEETING HELD ON FRIDAY 22 JANUARY 2021
THIS MEETING TOOK PLACE BY SKYPE AUDIO CONFERENCE

PRESENT: Alistair Dodds (Chair)
Charlotte Wright
Amanda Bryan
Angus Campbell
Paddy Crerar
Ailsa Gray
Donald MacRae
Robert McIntosh
Freda Newton
Calum Ross

IN ATTENDANCE:

Carroll Buxton	Deputy Chief Executive
Nick Kenton	Director of Finance and Corporate Services
Douglas Cowan	Director of Communities and Place
Martin Johnson	Director of Strategy and Regional Economy
Sandra Dunbar	Director of Business Improvement and Internal Audit
Rachel Hunter	Director of Service Delivery
Helen Herd	Interim Director of Human Resources
Adrian Kitson	Head of Executive Support

1 STANDING ITEMS
CUSPAIREAN COTHROMACH

1.1 Welcome and apologies

The Chair welcomed everyone to the meeting wishing everyone best wishes for a better year in 2021 with the rollout of the vaccination programme and hopefully for a Covid-19 free outcome.

Apologies were noted from David Oxley, Director of Business Growth and it was noted that Belinda Oldfield was caught-up on other business and did not join the meeting. Amanda Bryan notified in advance that she would be joining the meeting slightly late and joined the meeting during item 2.1. Nick Kenton notified in advance that he would be joining the meeting slightly late and joined the meeting during item 2.1

1.2 Declarations of interest

There were no declarations of interest.

2.1 Scottish Wedding Industry Fund

The Deputy Chief Executive presented a paper seeks permission from the HIE Board for Highlands and Islands Enterprise (HIE) to deliver the Scottish Wedding Industry Fund (SWIF) in the HIE region on behalf of the Scottish Government (SG) and to accept an initial additional funding allocation of up to £2.0m for the purpose.

SG had indicated that an additional £10 million may be available pan Scotland should it be required which, on a pro rata basis could mean a further additional amount of £1.3 million being allocated to HIE. It had however been suggested that any additional funding may be flexed to address areas where demand is exceptionally high.

On Wednesday 9 December 2020, the SG announced a pan Scotland £15 million fund of support for the wedding sector and its supply chain. The fund was developed following discussion between cabinet ministers, South of Scotland Enterprise and the newly established Scottish Wedding Alliance.

This national fund will be delivered jointly by HIE, Scottish Enterprise (SE) and South of Scotland Enterprise (SOSE), with SOSE taking a lead role in the development of the fund, although working closely with HIE and SE.

SG's objective is to support as many businesses as possible operating in the Scottish Wedding Industry to survive the current Covid crisis and enable a restart in 2021 and is part of a wider response by SG to support businesses in tourism, hospitality and supply chains to remain viable in the face of continued restrictions. This fund will operate alongside other recently announced funds, such as the Hospitality Top up Fund operated by Local Authorities.

The newly established Scottish Wedding Industry Alliance suggests that there are at least 14,500 businesses in Scotland operating in the wedding industry. They also estimate 5,500 have weddings as their core business. This suggests that the Fund could have a high volume of applications – thousands rather than hundreds.

A flat rate grant based on the business' turnover - ranging from £5,000 - £25,000 – will be awarded. These turnover bands and the maximum grant payment were developed in consultation with the Scottish Wedding Industry Alliance. The maximum grant is consistent with other COVID-19 funding.

The application window for the Fund is two weeks but will be extended (or reduced) depending on the level of applications and funding available. All payment of grants will be made prior to 31 March 2021.

Key areas of risk have been identified and have been highlighted to SG. It is recognised that the delivery of this high volume, low value grant Fund at pace, in a short time frame, brings with it inherent risk and falls outwith HIE's normal processes. Risks have been grouped and proposed mitigation measures outlined where appropriate. To mitigate risk, a short life team led by the Director of Service Delivery has been established dedicated to the delivery of this Fund. Options for supplementing resource within high pressure areas such as the enquiry service and the data centre (to support high volume of payments in the same period as financial year end) are being explored.

The Chief Executive highlighted the challenges of delivering the Fund noting that the risks have been clearly articulated in the paper along with the measures that will be implemented to mitigate these risks. With the timing coinciding with the financial year end for HIE, it is recognised that there is a lot of additional work to be undertaken with teams stretched to capacity.

The Board discussed this in great detail with the key points from the discussion noted below:

- This is a sensible way forward, recognising the huge task to administer the process and the additional pressure placed on staff to deliver.
- Will there be any auditing after the fact and could this cause any issues for HIE? It was confirmed that there is no expectation on HIE to repay funds after the event. There will be a series of spot checks undertaken throughout the process, the risks have been fully outlined to Scottish Government and the risk has been accepted. The legal undertaking allows for clawback from recipients of funding and there are no plans for an additional post fund audit.
- Could there be possible future pressure on SG to audit and could this have potential for negative impact on HIE budgets? HIE has sought to understand the inherent risks and has put in place mitigation measures. HIE has been explicit with SG and there are no recovery expectations from HIE. The Chief Executive confirmed that Audit Scotland will review as part of their normal audit plan with responsibility falling to HIE as administrators of the fund. It is proposed to discuss this further with the HIE Risk and Assurance Committee.
- There is possible reputational risk for HIE with the SG setting the eligibility criteria, although the public will see this as HIE. It was agreed that there is a risk associated with delivering at speed, volume could cause issues and there is the possibility of there being IT issues due to the high volume of applications. Although there was an indication of the size and scale of the number of businesses across Scotland provided by the Scottish Wedding Industry Alliance, there were no statistics for the Highlands and Islands region therefore it is difficult to gauge demand.
- There needs to be absolute clarity with SG in relation to the risk and this needs to be clearly documented for future reference.
- It was noted that one of the key risks could be volume of applications. This is the first time that the new website has been used for such a purpose along with the introduction of a new web based form. Extensive testing has been undertaken with a test of 20,000 hits per minute which the system coped with.
- The main identified risk is in relation to self-declaration, checks have been built in as far as possible. There are fewer validation checks available for sole traders and the self-employed however a range of sources are being looked at to mitigate the risk. It was asked that HIE consider independent verification by an external source such as Accountants or someone with local standing. It was noted that partners had agreed due to the speed required not to undertake additional verification and it was agreed that this should be documented.
- Noting that the fund is based on a first come, first served basis, if there is significant volume will the SG address with additional funds? It was confirmed that £15.0m had been identified for the fund with an additional £10.0m available if oversubscribed. There is no indication of further funding availability over and above this. Once the threshold is hit, HIE will notify SG and will be kept under constant review.

The Chair welcomed the helpful discussion noting all of the issues that had been raised and the responses provided. The Board approved the recommendations made in the paper to 1) Approve an initial allocation of up to £2.0m revenue funding from the Scottish Government to deliver the Wedding Industry Fund in the Highlands and Islands Enterprise area and 2) The HIE Board delegated approval of any further allocation of funding from Scottish Government for this purpose of up to £1.3m to the HIE Leadership Team.

2.2 Ski Sector Fund

The Director of Business Improvement and Internal Audit presented a paper providing an update on the Scottish Government (SG) Ski Sector fund with recommendations on HIE's role in due diligence and approval of funding.

In December 2020, the Scottish Government announced £104.3 million support for Tourism and Hospitality businesses across Scotland. This funding was part of the Government Covid response to support recovery. Included in this funding was £3m for ski centres in Scotland. HIE staff have been liaising with Scottish Government, partners in Scottish Enterprise and South of Scotland Enterprise and Snowsport Scotland to inform the design of this fund.

The Director outlined that this was a targeted fund informed by information provided by Snowsport Scotland and would be aimed at a small number of businesses broken down into two tiers. The fund criteria is still under development but indicatively would be, Tier 1) Outdoor mountain resorts and Tier 2) The indoor centres and dry ski slopes. Quasi-public sector owned bodies had been ruled as outwith the fund eligibility.

£3.0m has been identified to support the sector, £2.0m of this was part of the formal announcement and there may be additional funding allocated but this is the subject of further consideration by the Scottish Government.

Indicatively Tier 1 businesses would be allocated between £500k and £600k each, with Tier 2 businesses awarded a maximum of £50k. A contingency was being considered to accommodate further eligible applicants should these be identified. The current criteria suggest three mountain resorts in the HIE area would be eligible with potential for at least one other business. The current value of allocation in the HIE area is under £2.0m but this may increase if further funds become available.

The Board asked how the funding ceilings had been arrived at. It was confirmed that Snow Sport Scotland had used sectoral information to arrive at the ceilings. HIE due diligence will consider each applicant on a case by case basis and make recommendations to the Leadership Team.

The Board asked why CMSL had been identified as not being eligible to receive funding. It was confirmed that SG has decided not to make funding available to quasi-public sector owned entities where funding is already in place.

The Board approved the following recommendations made in the paper amending point 4 to delegate approval of any further allocation of funding from Scottish Government for this purpose to the HIE Leadership Team: 1) Note the Ski Sector fund being introduced by the Scottish Government; 2) Agree HIE's lead role in delivery for organisations in our region; 3) Approve funding in line with the indicative allocations and 4) The HIE Board delegated approval of any further allocation of funding from Scottish Government for this purpose to the HIE Leadership Team.

It was noted that a further update will be provided to the Board on the final fund criteria and if further funds are allocated to the region.

The Board recognised the effort of all staff in the delivery of these funds which are benefiting businesses across the Highlands and Islands.

3 ITEMS FOR INFORMATION **CUSPAIREAN AIRSON FIOSRACHADH**

3.1 AOB

Space Hub Sutherland

The Chief Executive provided an update to the Board confirming that a decision had been made not to proceed with the planned ground investigations due to the current Covid restrictions. The critical path for the project has been reviewed and this can be accommodated.

The Chair agreed that this was a sensible approach to take and the right thing to do in the circumstances.

3.2 Forthcoming meeting dates:

- Tuesday 23 February – Board Meeting
- Tuesday 2 March – Risk and Assurance Committee

The Chair closed the meeting, thanking the Board members for being able to make the meeting at short notice.

Adrian Kitson
Head of Executive Support
22 January 2021