

**BOARD MEETING**  
**COINNEAMH BÙIRD**

**MINUTE OF THE HIE BOARD MEETING HELD ON TUESDAY 15 DECEMBER 2020, STARTING AT 0900 BY TELECONFERENCE**

**PRESENT:** Alistair Dodds (Chair)  
Charlotte Wright  
Amanda Bryan (until 12.00 noon)  
Angus Campbell  
Paddy Crerar  
Ailsa Gray  
Donald MacRae  
Robert McIntosh  
Freda Newton (not present for item 3.3)  
Belinda Oldfield (until 1.30 pm)  
Calum Ross (not present for item 3.3)

**IN ATTENDANCE:**

Carroll Buxton	Deputy Chief Executive
Nick Kenton	Director of Finance and Corporate Services
Douglas Cowan	Director of Communities and Place
David Oxley	Director of Business Growth (not present for item 4.1)
Martin Johnson	Director of Strategy and Regional Economy
Sandra Dunbar	Director of Business Improvement and Internal Audit
Rachel Hunter	Director of Service Delivery (not present for items 3.1 and 4.1)
Helen Herd	Interim Director of Human Resources
Jessie Laurie	Head of Enterprise Sponsorship, Scottish Government
Chris Roberts	Head of Corporate and Media Relations
Adrian Kitson	Head of Executive Support
Lorna Gregson-MacLeod	Head of Planning and Partnerships, item 2.2
David Howie	Project Lead, Space Hub Sutherland, item 3.1
Janie Sheridan	Head of Business Transformation, item 3.2
Elaine Hanton	Interim Project Lead – Cairngorm, item 4.2
Dave MacLeod	Head of Property and Infrastructure, item 4.2
James Gibbs	Area Manager Inner Moray Firth, item 4.3
Gavin MacKay	Head of Energy Industries, item 4.3
Morag Goodfellow	Area Manager, Argyll and the Islands, item 4.4

**1 STANDING ITEMS**  
**CUSPAIREAN COTHROMACH**

**1.1 Welcome and apologies**

The Chair welcomed everyone to the meeting noting that there would be a special board meeting immediately following the end of this meeting to allow the consideration of a paper on authorised signatories. Apologies were noted from the Director of Human Resources, Karen Moncrieff, from Amanda Bryan who would have to leave the meeting at 12.00 noon and from Belinda Oldfield who would have to leave at 1.30pm.

## **1.2 Declarations of interest**

The following interests were declared:

- Amanda Bryan noted a financial interest in item 4.3 Nigg – Marine Wind Energy Tower Factory arising as a result of her role in Crown Estate Scotland (CES). It was agreed that she would be excluded from the current board consideration and leave the meeting when this item is discussed.
- Freda Newton and Calum Ross noted their financial interest in item 3.3 Digital Grants as owners of businesses account managed by HIE that have applied for digital enablement grants. It was agreed that they would be excluded from the current board consideration and leave the meeting when this item is discussed.
- Angus Campbell is Deputy Chair of NatureScot, which has been involved in HIE-led projects at Cairngorm and Space Hub Sutherland. This was noted, but considered not to present a conflict.
- Belinda Oldfield has a third party interest in Mott MacDonald, which has involvement in engineering works affecting the Cairngorm funicular. This was considered not to present a conflict.
- Rachel Hunter noted a conflict of interest in relation to items 3.1 and 4.1. It was agreed that she would leave the meeting when these items are discussed.

## **1.3 Minute of Board meeting held on 27 October 2020**

Two corrections were noted in the draft minute. A reference on page 3 in item 1.5 to the Chair having met Crown Estate Scotland would be amended to clarify that the meeting had been with the Chair and Chief Executive of that organisation and the HIE Chief Executive had also been present. In item 3.1b on page 9, reference needs to be made that this was the preferred option of the consultants and not the Board.

Subject to these amendments, the minute was approved as an accurate record.

## **1.4 Matters arising from the minute and action grid**

The Chief Executive confirmed that the WES business case had now been submitted to Scottish Ministers. Positive feedback had been received and a decision was awaited.

It was confirmed that a meeting had taken place with Board members who wished to discuss further the organisation's support for Gaelic. Actions will be taken forward, including discussions with Bord Na Gàidhlig and an update will be provided to the next Board meeting.

All other matters arising from the minute and action grid were covered in today's meeting.

## **1.5 Chair and Chief Executive update**

The Chief Executive provided an update on the all staff conference that had taken place virtually on 4 November, noting that the Chair Alistair Dodds, and Board member Angus Campbell had been actively involved on the day and other Board members had also joined the conference. Feedback from staff has been good and survey feedback post event was very positive.

It was outlined that HIE had been asked to deliver a new £15m Covid-19 fund in relation to the wedding / civil partnership sector at short notice. There are concerns with regards to capacity with much still to be developed. A letter has been sent to Mary McAllan, Director, Economic Development, Scottish Government, outlining HIE's concerns, with Scottish Enterprise doing the same. There is also the potential for HIE to be involved in further funding of £3m to the Ski sector. The Board noted their concern that HIE had been placed in this position, particularly during an exceptionally challenging period and with the financial year-end approaching.

A letter of comfort has been received from the Scottish Government in relation to HIE's delivery of the Scottish Land Fund.

A new edition of Focus magazine which is a free magazine published by HIE twice a year has just been published, with feedback showing that it had again been well received by customers and the wider public.

The Chief Executive confirmed that the Scottish Government and BT had signed the North Lot of the national R100 broadband rollout programme.

The leadership team had recognised concerns about staff welfare due to the volume of work and the resulting long hours being worked. It was noted that there is no part of the organisation that hasn't been affected by this. Steps have been taken to address this with staff being supported to work flexibly from home, make use of annual and special leave as well as various initiatives to facilitate and encourage health and wellbeing introduced by Human Resources, including webinars for staff and line managers and the introduction of a mental health first aiders scheme. The Board noted their appreciation of the work being undertaken by HIE staff over and above the normal Business as Usual activity and asked that their thanks be recorded and communicated to all staff.

The Chair updated on his regular monthly meeting with the Cabinet Secretary where budgets had been a key topic of discussion. Future and in-year budgets were discussed with specific reference made to the £4m reduction in HIE's 2020-21 revenue budget and the request made to HIE to pay for administration of the PERF fund.

The Enterprise and Skills Strategic Board (ESSB) had met to discuss the development of a strategy for next year. The Chair of HIE noted that there was a need to avoid the risk of placing any additional burden on the exceptionally demanding workloads currently being carried by staff in all agencies to address impacts arising from COVID and Brexit.

The programme of engagement with all Local Authorities in the HIE region continues and has been very worthwhile, with a range of topics covered.

The second in a programme of scheduled events with businesses in area team locations was held in December and involved the Orkney area team and a selection of businesses. This was a positive meeting and discussion with input from Board members Belinda Oldfield and Angus Campbell. It was agreed that these events should continue to be rolled out across the region.

## **2 RESOURCES AND GOVERNANCE** **GOIREASAN IS RIAGHLACHAS**

### **2.1 Financial statement**

The Director of Finance and Corporate Services presented a report summarising HIE's financial position to the end of November. At the October Board the capital forecast for the year showed a £2.88m under-commitment and therefore a real risk of underspend. Since then, significant progress has been made, in particular there has been 1) £1.1m new commitment under the Digital Enablement Grant Scheme; 2) £1.1m to Community Led Tourism Infrastructure; 3) £0.67m to Young Company Investment Growth and 4) In addition, SG has agreed to defer the whole of the £5.43m funding for Nigg East Quay that was due in 20/21. This is in line with the slippage on the project.

Mainly as a result of these changes HIE is now showing an over-commitment of £8.2m capital, so there is confidence that the budget will be spent in full. All the new programmes however are back-ended into the final quarter and overall there is around £16m to spend in the final four months, compared to £10.6m spent in the first eight months. One of the risks to delivery of the budget are the additional requests from the Scottish

Government to transact national programmes such as the Hotel Support and Wedding Venue funds. This will require real focus in the final quarter.

*[Paragraph removed in the interests of the effective conduct of public affairs.]*

HIE is still awaiting a decision from the Scottish Government regarding the formal request to have COVID pressures of £863k covered and we are also waiting for clarity as to whether SE will seek a share of the Umi costs of £360k relating to PERF. Sponsor Team has confirmed that no firm decision has been made on either. If these issues are resolved, there would be confidence of breaking even without having to defer grant payments to the next financial year.

The Board noted that the VAT position remained ongoing and sought assurance that this would be resolved. It was explained that the contacts for this were now in Scotland having moved from Newcastle, that HIE is working with them to review back to 2014 and this is expected to be resolved in the New Year, as was the new VAT calculation method.

The Chair welcomed progress in confirming the budget for WES with the Scottish Government, and asked for the Board to be informed of the outcome as soon as this has been signed off. The Board also sought clarity from the Director of Finance and Corporate Services on the forecast underspend for WES in 2020/21.

## **2.2 Operating plan**

*Lorna Gregson-MacLeod joined the meeting.*

The Head of Planning and Partnerships presented an update on progress with the draft operating plan. A working draft, entitled the *Plan for Jobs and Communities*, had been circulated in advance of the meeting. Draft guidance had been received from the Scottish Government on 1 December for the current year and indications are that new guidance for 2021-22 will be issued in April. The priorities set are 1) a national mission to create new jobs, good jobs and green jobs, with a particular focus on young people; 2) promoting lifelong health and wellbeing; and 3) advancing equality and helping our young people grasp their potential.

The working draft sets out the broad framework and actions within the three key priorities. Further work is required to establish and present the joint actions being undertaken across the enterprise and skills agencies and partners. Other key areas that will need to evolve and expand include HIE's approach to 1) supporting young people; 2) women (especially female entrepreneurship); 3) supporting, promoting and delivering fair work, and; 4) community wealth building. Net zero targets are in discussion with other enterprise agencies to measure the green impact. The draft infographics will be updated with a focus on social impact in particular with a final draft being presented to the Board in February 2021.

The Chief Executive highlighted that she was keen to see a clear link between the strategic context and priorities to ensure that there were appropriate resources to deliver these.

The Board welcomed the development of the draft document. There was discussion around the priorities and the need to provide clarity on what specific actions HIE would be taking in these areas. A shorter summary would be useful, possibly as an infographic. It was also noted that more emphasis was required upfront on actions to drive population growth, particularly in fragile areas, and the need to show that headway was being made in this area.

The Chief Executive welcomed the comments on the current draft, noting that they reflected discussions with the team.

The Head of Enterprise Sponsorship, Scottish Government confirmed that the final draft of the Guidance Letter for 2020-21 had been approved the previous day by the Cabinet Secretary. Once received by HIE, a copy will be circulated to the Board.

The Chair thanked the Head of Planning and Partnerships for the work that had gone into the document and looked forward to receiving a final draft for the February Board meeting.

*Lorna Gregson-MacLeod left the meeting.*

### **2.3 Risk register**

The Director of Business Improvement and Internal Audit provided a brief update on the HIE risk register highlighting new and amended risks and the movement of scores over time. These included the addition of three new risks, the Business Transformation Programme, BiFab/Arnish Yard and a further Cairngorm risk reflecting the commencement of funicular strengthening works. The register has also been updated in relation to Brexit preparedness and the Nigg Court Case.

The Board questioned a risk related to the use of the Zoom virtual conference platform which HIE staff were instructed not to use because of security concerns expressed by information services provider EIS. They were keen to understand if this was a blanket ban and the impact this has on participation with third parties. The Director of Finance and Corporate Services confirmed that EIS's position was that the only safe way to use Zoom is to join by telephone and that HIE need to be consistent on this. The Board noted that Zoom is widely used by other Boards and secure institutions including banks, with all access being managed by password protection. It was agreed that the Director will convey the Board's views to EIS and report back at the next meeting.

### **2.4 Risk and Assurance Committee draft minute, 1 December 2020 (verbal)**

The Chair of the Risk and Assurance Committee (RAC) reported on matters discussed at the most recent meeting, held virtually on 1 December 2020. In relation to the previous discussion on Zoom, it was noted that this meeting had been held by Skype, in line with EIS instructions, and some connectivity issues had been experienced.

Papers discussed included updates on Space and Cairngorm with comments from the RAC captured in the papers presented to today's Board meeting. Progress was noted in relation to EU funding for Creative Industries, with a claim due to be made this month. Recruitment is underway for a Head of Information Governance which was welcomed, with an update due in early spring. A request had been made for clearer reports to be provided by EIS and the committee commended staff on the work that had been undertaken refreshing the Corporate Risk Register.

The Committee commented on the good progress made and on the value of the extra development sessions delivered specifically for the RAC, which are open to all Board members.

A pilot of a new cover paper for items to be discussed by the Committee had been undertaken for the RAC meeting. It was agreed that this had been successful and will be rolled out for papers being presented at HIE Board meetings from February 2021.

### **2.5 Delegated authorities**

The Director of Business Improvement and Internal Audit presented a paper on Delegated Authorities, highlighting that it is best practice to review this document regularly and to link it to the operating agreement to provide clarity and consistency with regard to operational requirements. The authorities lie with the directorate or job titles with the appropriate remit to allow for some future-proofing of the document in the event of changes to HIE organisational structure or authorities.

The Chair thanked the Director for the paper, welcoming the clarity it provided for effective governance. The Board raised a number of points from the document for further review and follow-up including, 1) for investments greater than £500k and up to and including £2.0m this should be the Chief Executive as

accountable officer or delegated by the Chief Executive to the Leadership Team; 2) Leadership Team quorum of two, this needs to be two members of the Leadership Team, not including the sponsoring Director; 3) Increase clarity on significant project changes which should go back to the HIE Board including that all funding increases which would result in HIE funding increasing to amounts greater than £2m should go to the HIE Board.

The Board also requested early sight, if possible, of investment requests and proposals that are below the £2m threshold, but which could be followed by further funding requests that would increase overall budget and make a future Board decision necessary. In addition, it was important to specify that decisions requiring approval from the Scottish Government, including novel and contentious matters, should be considered by the Board before submission to government. Lastly, it was noted that the current £500k aggregate limit for write-offs being reported to the Board was quite high and would be reviewed.

The Chief Executive thanked the Board for the good comments which will be reviewed and incorporated into a final draft by the Director of Business Improvement and Internal Audit. This final draft will be provided to the Chair by email in the first instance with the final draft being presented to the Board meeting in February

### **3 INVESTMENT DECISIONS** **CO-DHÙNAIDHEAN AIRGEAD-TASGAIDH**

#### **3.1 Space Hub Sutherland**

*Note: The running order of the meeting was rescheduled so that item 4.1, Space programme, could be taken immediately before this item.*

*David Oxley left the meeting for item 4.1, and rejoined to present item 3.1.*

*Rachel Hunter left the meeting for item 4.1, and remained absent while item 3.1 was considered.*

*David Howie joined the meeting for item 3.1.*

The Director of Business Growth presented a paper providing a comprehensive update on the development of Space Hub Sutherland, with a focus on current risks. Approval was also sought for further funding of £964,000 to enable continuation of the project until June 2021.

*[Paragraph removed in the interests of the effective conduct of public affairs.]*

The paper described good progress that had made across several complementary workstreams, including due diligence to inform a full business case for the spaceport, market analysis and a detailed economic impact assessment. Consultants engaged by HIE, RSM Ltd and SpaceTec Partners, had produced initial findings indicating that the project presented a substantial economic opportunity for the Highlands and Islands and should, in their view, continue to be progressed. The Director noted that HIE's launch partner Orbex had in the past few days announced that it had secured a multi-million pound investment package and publicly reaffirmed its intention to launch from Sutherland.

*[Paragraph removed in the interests of the effective conduct of public affairs.]*

*[Paragraph removed in the interests of the effective conduct of public affairs.]*

*[Paragraph removed in the interests of the effective conduct of public affairs.]*

There was appreciation for the work carried out by RSM and SpaceTec, which had robustly demonstrated the scale of opportunity and increased the store of detailed knowledge and information on space across the UK. Members welcomed the development of a stakeholder engagement plan and stressed the importance of this

aspect. It was also important that HIE continued to recognise the ambitions of other spaceport developers in the region and ensure that they continued to be treated fairly.

The Board emphasised the need for the full business case to be completed as swiftly as possible, noting that this workstream was well behind the schedule that had originally been outlined. The Chair indicated that no further funding could be considered beyond today's request until the full business case had been finalised and agreed by the Board and Scottish Government. In the meantime, HIE should continue to press the case for both the UK and Scottish Governments to recognise fully the need for national, strategic leadership for the sector and the risk of losing opportunity to other countries, including Portugal, Sweden and Norway. HIE should also pursue income that was due, including funding from UKSA following completion of key milestones.

The request for further funding of £964,000 was approved by the Board, noting that Ailsa Gray dissented, expressing her concern over current project risks and the absence of a clear national strategy for the space sector to help inform HIE's decision making.

The Board thanked the Director for the update and expressed their appreciation for the work of the team. A further update will be provided at the next Board meeting in February 2021, with the full business case being delivered as quickly as possible thereafter.

*David Howie left the meeting*

*Rachel Hunter rejoined the meeting.*

### **3.2 Business transformation programme**

*Janie Sheridan joined the meeting.*

The Head of Business Transformation presented an update on the delivery of phase one of HIE's business transformation programme, which aims to improve delivery of support services for customers and staff through the use of digital technology.

The update reported on progress since this phase of the programme was approved by the Board in December 2018, with a budget of £2,358,388, based on indicative costs. It noted that a data workstream project was running in parallel, with a further budget of £315,000 that had been approved in October 2020 by HIE's Leadership Team.

The key focus had been on developing a Microsoft 'power platform' environment called MyHIE, to engage with customers digitally as a key element of the agency's client engagement support strategy. Phase one of MyHIE would deliver a product that would enable a legacy environment to be decommissioned and add significant new functionality, including a data warehouse and online application and loans forms that would meet business and customer needs and integrate with the national *FindBusinessSupport.gov.scot* service. The need for HIE to move to a more digital environment and new ways of working had been reinforced by the current COVID-19 pandemic.

Good progress had been made overall, with the programme receiving positive comment from assurance reviews and from benchmarking exercises. A review by the Scottish Government Digital Transformation Directorate noted that HIE's thinking around master data management set the agency apart as a thought leader in this area.

Delivery of MyHIE had been scheduled for February 2021 but the scope and timeline had been affected by external challenges. Most significantly, these included a global Microsoft deployment issue that had required an eight-week remediation period mid-project. HIE had negotiated revised terms with its supplier and was seeking compensation from Microsoft for additional costs incurred. However, a further six weeks of development were now required for phase one, and the Board was requested to approve a budget uplift of

£200,000 capital expenditure to cover this work. It was also proposed to extend the go-live date to 31 May 2021 to avoid year-end pressures and allow more time for organisational input and engagement.

As a benefit, some functionality that had initially been included in phase two could now be accelerated and included within phase one, providing an enhanced user experience. This included integration with the HIE website and other systems used by HIE (Outlook and Objective), document generation and enhanced usability. It was noted that HIE's Leadership Team had delegated authority to approve this element of the programme.

The Board welcomed the update and thanked the team for the progress achieved. The request for an additional £200,000 to enable completion of phase one by May 2021 was approved.

*Janie Sheridan left the meeting.*

### **3.3 Digital grants**

*Freda Newton and Calum Ross left the meeting.*

The Director of Business Growth presented a project amendment request, recommending Board approval for the further expansion of HIE's digital enablement grant scheme. This had been introduced as a pilot in August 2020 as part of the agency's response to the challenges presented by the COVID-19 pandemic. It aimed to help businesses and organisations use digital technologies to stay in business, find new customers, sell more products online, improve ecommerce capability and diversify, retrain, retain and employ staff.

Set up to provide grant funding of 75% towards eligible project costs of £25,000 to approximately 50 Highlands and Islands businesses and organisations, the scheme had generated a high level of demand and was expanded in November to reach an additional 100 projects with a new total budget of £1.79m.

Following this, the Scottish Government had announced an additional £800,000 to meet demand from existing applicants and support a further 30 projects. This would take the total project budget to £2.59m. More than 270 enquires had been received and 142 projects approved. It was not proposed to re-open the scheme to new applicants at this time due to the limited funds available

This further expansion would enable HIE to support the delivery of 180 digital enablement projects across the Highlands and Islands, leveraging private sector investment of more than £1.45m and benefiting both local communities and the wider regional economy. A review of the digital grant scheme will be undertaken on completion to capture impacts and make recommendations for future initiatives.

The Board approved the project amendment request and the Chair expressed thanks to HIE Senior Development Manager Theresa Swayne who had initiated the project.

*Freda Newton and Calum Ross rejoined the meeting.*

## **4 UPDATES** **CUNNTASAN AS ÙR**

### **4.1 Space programme**

*Note: This item was taken out of sequence, immediately before item 3.1, Space Hub Sutherland.*

*Rachel Hunter and David Oxley left the meeting while this item was considered.*

The Director of Strategy and Regional Economy presented an overview of Scotland's space sector, with particular focus on the potential for the Highlands and Islands to play a key role in delivering regional and

national benefit. The presentation drew on findings from an in-depth review of the sector that HIE had commissioned from consultants RSM UK and SpaceTec Partners and which was nearing conclusion.

*[Sentence removed in the interests of the effective conduct of public affairs.]* Plans for vertical launch spaceports were currently at different stages of development for Sutherland, Uist and Unst, and horizontal launch sites proposed for Machrihanish and Prestwick in Scotland and for Cornwall and Snowdonia in England and Wales.

At a strategic level, the UK would compete internationally with other European countries, particularly Norway and Sweden, both of which were rapidly developing their capability and planning to begin launches in 2022. The market opportunity was therefore timebound, but hugely significant, with the development of launch sites having the potential to stimulate wider opportunities, including launch vehicle and satellite manufacturing and downstream activities such as data capture and analysis.

HIE was playing a significant role in growing the sector, including taking forward plans at its own hand to develop Space Hub Sutherland. However, maximising these opportunities over the coming years would require national strategic leadership and a scale of investment that was beyond the agency's resources. Accordingly, the agency was engaged in discussions at senior level with Scottish and UK Government ministers and officials, and with the UK Space Agency. A briefing document was being prepared for submission to the Scottish Government, and would include input from Scottish Enterprise.

The Board welcomed the update and strongly endorsed the need for national strategic leadership to capture and develop economic opportunities for Scotland and the UK. Members expressed the view that lessons should be learned from the wind energy sector, where other countries had been able to take an early lead and outperform the UK.

In discussion, it was noted that the main opportunity came from the potential to attract vehicle manufacturers that could benefit from being located close to launch sites, and that companies involved in this activity would be making key decisions on investments and locations over the coming 12 to 18 months. Regarding timescales, the director explained that delays to UK projects could result in a loss of international 'first mover advantage' which would reduce the scale of opportunity for sectoral growth in Scotland.

The Board thanked the Director for his update.

## **4.2 Cairngorm**

*Elaine Hanton and Dave MacLeod joined the meeting.*

The Interim Project Lead – Cairngorm and the Head of Property and Infrastructure presented the latest in a series of updates on matters related to Cairngorm, including progress of funicular strengthening works, HIE subsidiary Cairngorm Mountain (Scotland) Ltd (CMSL), communications and stakeholder engagement, and legacy legal cases. The Board were also asked to endorse the Cairngorm masterplan, subject to proofreading and final revisions, which was included in the meeting papers. If the Board were content, the masterplan would be finalised for submission to the Cairngorms National Park Authority in the New Year.

Funicular strengthening works had begun on schedule on 2 November and had paused for winter on 4 December, with a view to resuming in April 2021. Good progress had been made, with excavation carried out around five piers ( 49 – 53) and new concrete poured successfully. Challenges included the presence of mains electrical cables at very shallow depth and inaccuracies in cable location maps – matters that had been raised with the utility provider SSEN. Both CMSL and HIE's Ecological Clerk of Works had stressed the importance of full compliance with planning conditions and respect for the mountain environment. During winter, design work will be completed, materials ordered and cable issues resolved.

CMSL had concluded its first set of audited accounts on 20 November, covering two exceptionally challenging winter seasons, and these were now available through Companies House. HIE's representative on the company board had stepped down due to pressure of other work priorities. It was not intended to appoint a replacement at this time, but HIE staff would continue to attend CMSL board meetings and the position would be kept under review. The secondment of a member of HIE staff as interim chief executive had proven very successful and had been extended until the end of February 2021 while future options were reviewed. CMSL's key performance indicators had also been revised.

The company was currently focused on plans for winter sports opening, which would take place on 19 December. In addition to meeting COVID-19 security requirements, CMSL staff had been working with other mountain resorts and Snowsport Scotland on joint marketing and had put arrangements in place to book ski hire equipment online, with collection and drop-off available off-site at Rothiemurchus Estate. The snow factory was working very well and ground smoothing had been completed on the beginner slope. A pop-up catering offer would reduce pressure on the Day Lodge and assist compliance with COVID-19 guidance.

Sections of the ring main on the Ciste side of the mountain had become exposed following heavy rain and wind and were currently protected with sandbags. SSEN had committed to replacing the ring main and hoped to start works in the spring, although this depends on completing design work and securing consents. SSEN has also agreed to meet HIE and CMSL regularly to progress this issue and ensure public safety.

CMSL had indicated strongly that its key investment priority for the coming year is the Ptarmigan building, which requires repairs, maintenance and upgrading as well as improvements to enable better management and flow of visitors. Proposals are being developed for consideration by HIE.

Legal claims processes concerning the original contractor / design team and guarantees provided by the parent company of the previous operator and its principal shareholder remained ongoing.

The update also included a high level, draft strategy for improved stakeholder engagement and communications, which was recognised as being particularly important to demonstrate openness and build confidence in Cairngorm as a well-managed resort generating wider economic benefits.

The Board discussed these matters in detail. In response to a question on the visitor management plan, it was noted that environmental protection would always remain a priority and that any further amendments to the plan would require careful consideration by all relevant partners.

The update was welcomed and the Board endorsed the masterplan, subject to final proofreading and editing. The Chair thanked the presenters and the wider Cairngorm team for the progress made to deliver a highly challenging and important project.

*Elaine Hanton and Dave MacLeod left the meeting.*

#### **4.3 [Section removed in the interests of the effective conduct of public affairs.]**

#### **4.4 BiFab and CS Wind**

*Morag Goodfellow joined the meeting.*

The Director of Business Growth presented an overview and update following the mothballing of two renewable energy manufacturing facilities – BiFab in Arnish, Stornoway, and CS Wind UK's operations in Machrihanish, Argyll. Both facilities are leased by HIE to the two companies.

With BiFab having recently gone into administration, HIE staff were exploring all potential options for Arnish, which remains a prime location for renewables and other activities, with excellent natural assets along with specialist equipment and fabrication facilities. HIE had briefed the Scottish Government and administrators,

and was focused on securing year-round economic activity generating long-term, sustainable employment, including opportunities beyond the renewable energy sector. HIE staff were also in contact with Scottish Enterprise, given BiFab's involvement in two fabrication yards in Fife.

The Area Manager, Argyll, outlined the latest position concerning tower manufacturer CS Wind, including legal action that had prevented the company from removing plant or equipment and sought to protect a 2017 legal undertaking on HIE grant assistance of £2.8m. A succession of court decisions had found in HIE's favour and a further hearing is expected to be held in January 2021. HIE remained in dialogue with CS Wind, with the company continuing to state that it was seeking new orders. At the same time, staff are developing proposition materials for the site and seeking alternative users as part of a wider Kintyre marketing effort.

HIE was establishing an internal working group to ensure alignment of approach to Arnish and Machrihanish, and will continue to engage with the Scottish Government, the companies and other parties interested in the facilities. Alternative options will be pursued for both sites, both within the energy sector and other areas of activity.

The Board noted the present situation and endorsed the approach being taken.

*Morag Goodfellow left the meeting.*

#### **4.5 Brexit**

The Director of Strategy and Regional Economy provided an update on the UK's exit from the European Union. With the end of the present transition period approaching on 31 December 2020, there was still considerable uncertainty regarding a potential trade deal between the UK and the EU and on matters concerning the future of State Aid.

In discussion, the Board highlighted the potential for matters outside of HIE's direct remit, such as higher tariffs on sheep exports, to have a significant negative impact on the rural economy. It would be important for HIE to be aware of such issues and continue to provide briefing to the Cabinet Secretary for Rural Economy and Tourism.

The update also outlined arrangements to ensure appropriate levels of staff cover between HIE, Scottish Government and partner agencies to respond to any urgent issues relating to Brexit that may emerge over the coming holiday season. The Board noted this and thanked staff for their willingness to work over a holiday period if required.

## **5 ITEMS FOR INFORMATION** **CUSPAIREAN AIRSON FIOSRACHADH**

### **5.1 HIE publications scheme: quarterly approvals April – June 2020**

The report was noted and will be published on the HIE website.

### **5.2 HIE Business Panel survey findings**

The Board noted the findings of the latest Business Panel survey, which provided valuable insights on the impacts of COVID-19 and Brexit on companies across the region, including on confidence levels.

### **5.3 Performance summary update**

The Board welcomed the update.

#### **5.4 Any other business**

The Chair expressed the Board's gratitude to all members of HIE staff, who had responded to a uniquely challenging set of circumstances during 2020 and continued to provide excellent support to businesses and communities across the region with exceptional dedication. The Chair also thanked the Board members for the support they had given him since his appointment to the position in May.

Forthcoming meeting dates

- January TBC – possible additional Board meeting for investment decision
- 23 February 2021 – Board meeting

Chris Roberts / Adrian Kitson

15 December 2020