



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

**MINUTE OF THE HIE BOARD MEETING HELD ON 27 APRIL 2021**  
**STARTING AT 0900 BY TELECONFERENCE**

**PRESENT:** Alistair Dodds (*Chair*)  
Charlotte Wright  
Carroll Buxton  
Amanda Bryan  
Angus Campbell  
Belinda Oldfield  
Calum Ross  
Donald MacRae  
Freda Newton  
Paddy Crerar  
Robert McIntosh

**IN ATTENDANCE:**

David Oxley	Director of Strategic Projects
Douglas Cowan	Director of Communities and Place
Helen Herd	Interim Director of Human Resources
Martin Johnson	Director of Strategy and Regional Economy
Nick Kenton	Director of Finance and Corporate Services
Rachel Hunter	Director of Service Delivery
Sandra Dunbar	Director of Business Improvement and Internal Audit
Adrian Kitson	Head of Executive Support
Chris Roberts	Head of Communications
Jessie Laurie	Head of Enterprise Sponsorship, Scottish Government
Andrew Carton	Team Leader of Enterprise Sponsorship Team, Scottish Government
Lorna Gregson-MacLeod	Head of Planning and Partnerships, <i>item 2.4 &amp; item 2.5</i>
Graeme Adair	Construction Frameworks Manager, <i>item 3.1 &amp; item 3.2</i>
Ruaraidh MacNeil	Director of Business Infrastructure, <i>item 3.1 &amp; item 3.2</i>
James Gibbs	Area Manager – Inner Moray Firth, <i>item 4.1</i>
Gavin MacKay	Head of Energy Industries, <i>item 4.1</i>
Rachel Mackenzie	Area Manager – Innse Gall, <i>item 4.2</i>
Anna Miller	Head of Tourism, <i>item 4.3</i>
Claire Munro	Senior Project Manager, <i>item 4.6</i>
Steven Hutcheon	Acting Regional Head of Technology and Innovation, <i>item 4.6</i>
David Howie	Project Lead, Space Hub Sutherland <i>item 4.7.1</i>
Elaine Hanton	Project Lead, Cairngorm, <i>item 4.8</i>
Dave MacLeod	Head of Property and Infrastructure, <i>item 4.8</i>

## **1 STANDING ITEMS**

### **CUSPAIREAN COTHROMACH**

#### **1.1 Welcome and apologies**

The Chair welcomed everyone to the meeting outlining that it was a long agenda. The Chair further extended the welcome to Jessie Laurie and Andrew Carton from Scottish Government Enterprise Sponsorship Team noting that this was Andrew's first Board meeting.

Apologies were received from Karen Moncrieff, Director of Human Resources. Belinda Oldfield and Amanda Bryan highlighted that they would need to leave the meeting at 3.00pm.

#### **1.2 Declarations of interest**

The following interests were declared:

- *[Removed in the interests of the effective conduct of public affairs].*
- Belinda Oldfield has a related party interest in Mott MacDonald, which has involvement in engineering works affecting the Cairngorm funicular. This was considered not to present a conflict at this time.
- Rachel Hunter noted a conflict of interest in relation to item 4.7 Space Programme and the associated sub-items. It was agreed that she would leave the meeting when these items are discussed.
- Calum Ross, Freda Newton, Paddy Crerar and Charlotte Wright noted an interest in Tourism, noting item 4.3 Update on Tourism and HIE's response to recovery. This was noted, but considered not to present a conflict which merited leaving the meeting.
- Nick Kenton and David Oxley noted an interest in item 3.3 WES Novel Wave Energy Convertor (NWEC) Enhanced Testing as HIE appointed Directors on the Board of Wave Energy Scotland (WES). This was noted, but considered not to present a conflict which merited leaving the meeting.

#### **1.3 Minute of Board meeting held on 23 February 2021**

The minute of the meeting held on 23 February 2021 was approved subject to two minor amendments. Amanda Bryan was noted leaving the meeting however time of rejoining to be confirmed. At Item 4.3, the correct designation for Zoe Laird was to be confirmed.

#### **1.4 Matters arising from the minutes and Action Grid**

It was noted that items had been misnumbered on the meeting agenda, this has been corrected in the minute by allocating items 1.5 and 1.6 on the agenda to items 1.4 and 1.5 in the minute.

It was agreed any updates provided in response to Board queries are shared with all Board members. All other matters arising from the minute and action grid were covered in today's meeting.

#### **1.5 Chair and Chief Executive Update – April 2021**

The Chief Executive provided an update on the Scottish Land Fund highlighting that the new fund opened in April with a budget of £10.0m for 2021/22. HIE continues to be a delivery partner.

Noting the upcoming election for the Scottish Parliament, it was outlined that work was underway to review across all manifestos to identify key areas for HIE.

The Chief Executive joined celebrations of the 10<sup>th</sup> anniversary of UHI achieving university status on 31 March and spoke to the importance of UHI to the region's economy.

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

Several improvements to the HIE website were launched on 6 April to enable users to get a more personalised experience, which includes a new support-finder diagnostic tool. This will improve customer profiling and allow us to better target our marketing activities.

In relation to the ongoing issues of Greensill Capital impacting on the wider Gupta Family Group (GFG) it was noted the assurance which has been received regarding the Alvanca Aluminium Smelter in Fort William, which continues to be profit making. The risk level has been increased on the HIE risk register and close contact is being maintained.

A paper on the HIE property strategy will be presented to the HIE Board at the June meeting and there will be an opportunity for the Board to input in advance of this.

The Director of Strategic Projects provided an update on CS Wind. Little has changed regarding the business performance, and work is continuing on HIE's legal action.

The Deputy Chief Executive provided an update on Shetland FM highlighting that payments amounting to £457k had been received through the liquidator of Shetland FM and the balance due is now a loan that will be repaid by Shetland Space Centre.

The Board asked for further information relating to the update in relation to the shellfish sector which mentioned HIE funding to purchase an Imaging Flow Cytobot, and in particular what it does. The Director of Communities and Place agreed to circulate an explanation to the Board by email.

The Chair updated on his meeting with the Secretary of State for Scotland where a range of topics were discussed including the shared prosperity fund, broadband, migration, and employee numbers. The lack of recent, relevant data on the labour market need was highlighted as a challenge. In relation to issues facing tourism in particular, it was agreed that HIE would follow-up with Hospitality UK to share information.

The regular monthly meeting with the Cabinet Secretary covered the UK budget and the impact on Scotland, the Covid route map, the tourism recovery plan, and the Cairngorm masterplan. The meeting had been very positive.

The Chair and Chief Executive had participated in an Enterprise and Skills Strategic Board strategy day.

The Chair noted the resignation from the Board of Ailsa Gray on 31 March 2021, outlining that a recruitment round would get underway for four new Board members, with two appointments as soon as possible with a further two from April 2022. The Board asked if due to Covid circumstances, there was any option to keep Board members on for longer. The Chair confirmed that this would be reviewed, but noted that extensions had already been made in some cases.

## **2.1 Financial Statement**

The Director of Finance and Corporate Services presented a report on the Financial Statement to 31st March 2021 which details the draft outturn for Financial Year 2020/21.

The legacy VAT position up to April 2020 has been settled but the VAT methodology is still being finalised with HMRC for 2020/21. *[Sentences removed in the interests of the effective conduct of public affairs].*

Capital outturn is showing a small underspend of £0.017m for HIE and there is also £0.063m underspend on WES. These figures include full utilisation of an authorised overspend of £6.0m agreed with SG late in the year. HIE's unaudited accounts will therefore show an overspend of around £5.9m but this will be backed by a letter of comfort from SG. This is a good result, particularly considering that as at February there had been almost £15.0m of capital to spend to break-even.

Revenue is showing a £0.069m underspend on 'business as usual' activity. Within this an additional £0.25m contribution to the HIE pension scheme recovery programme was possible. The overall outturn is a good result, considering the significant challenge faced following the initial £4.0m baseline reduction in funding.

The outturn on Financial Transactions (FTs) is less positive with £0.06m of £2.0m utilised. Lack of business appetite for loans in an economy that is struggling with the impact of the pandemic and carrying more debt resulting from national interventions such as the Coronavirus Business Interruption Loan Scheme is a considerable factor. The role of loans as part of HIE's intervention approach is being revised.

The total resources available to the region increased by almost £47.0m due mainly to COVID-19 funds (including those transacted via Scottish Enterprise) as well as permission to overspend the Capital budget by £6m. The Director recorded his thanks to the whole organisation, noting that it was remarkable that HIE was able to transact this level of additional funding, particularly as most of the work was done from homes not in the office. This was a huge benefit to the region.

The Board noted the report, welcoming the impressive result. The Chief Executive confirmed that staff had more than risen to the challenge during this difficult year. The Chair noted that a strong case is being made for additional capital and revenue budget and special projects funding. The Head of Enterprise Sponsorship, Scottish Government also confirmed that they would continue to make the case for additional resource.

The Board asked if there was a session due in relation to the Pension Fund and requested that a session be arranged soon. The Director of Finance and Corporate Services agreed to arrange this with the Chair of the HIE Superannuation Scheme.

The Chair concluded by thanking the Director for all of the work done, highlighting the additional £47.0m and approximately 1,600 additional funding awards made and thanking all HIE staff, the Leadership Team and Finance colleagues for the outstanding effort.

## **2.2 Overview of COVID Support Funds**

The Director of Business Improvement and Internal Audit (BIIA) presented a paper providing an update on approvals and spend for the Covid funds HIE has been involved with in the past financial year which had been discussed at the Risk and Assurance Committee meeting.

Significant in year changes took place in response to the COVID impact on the economy of the Highlands and Islands. This included HIE's role in the delivery of national funds and use of HIE's GIA Budget. This resulted in significant additional funding being made available to businesses and communities in the HIE area.

Scottish Government provided HIE with an additional £16.6m of budget, which together with approvals under HIE's GIA budget resulted in HIE approving £22.5m to third party clients for COVID activity. Spend to the end of the financial year 2020/21 was £18.6m. HIE also led on the appraisal and decision making for an additional £25m relating to the Scottish Government PERF and Hardship funds which were awarded and paid to organisations in the HIE region.

Audit Scotland will be reviewing the Covid funds administered by HIE as well as those administered nationally.

The Chair welcomed the report noting the detail which highlighted the effort made to deliver additional funds within the Highlands and Islands.

## **2.3 Finalised Opening Budget 2021/22**

The Director of Finance and Corporate Services presented a paper outlining the opening Financial Year 2021/22 Capital & Revenue Budgets for approval, updating the draft budgets submitted to the Board in February. It was noted that HIE has now had formal confirmation that it will receive an additional £3.0m of Revenue funding relating to Covid recovery.

Area Team budgets have been reviewed to ensure a geographic dimension. The Green Jobs Fund (£0.8m Capital) and the Covid Recovery Fund (£3.0m of revenue) will support key Operating Plan priorities.

The Board previously expressed some concern at the level of negative reserve on capital, which was sitting at around £14.0m and tasked HIE Leadership Team with reducing this to £10.0m in Q1. Thanks to the impact of the £6.0m additional resources in 2020/21, carry forward of any commitments into the new year has been greatly reduced. As a result of this, the negative reserve is now sitting at £7.5m which compares with £3.0m opening in 2020/21 and £10.0m in 2019/20.

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

The revenue budget is still sitting with a negative reserve of around £0.3m which is within acceptable tolerances.

The Financial Transactions (FTs) budget has been increased from £2.0m last year to £2.6m this year. This reflects the desire from SG to increase HIE's budget but recognises the constraints on Capital and Revenue because of competing priorities in the Rural Economy and Tourism portfolio.

The Board noted that they were content with the detail in the opening budget and that they were assured to see that the negative reserve was under control. An update was requested on the targeting of reserved funds in line with the Operating Plan.

A demonstration of MyHIE (two hour session) is to be arranged for the Risk and Assurance Committee and then the Board.

## **2.4 Operating Plan (incl. Interim Letter of Guidance)**

*Lorna Gregson-MacLeod joined the meeting.*

The Director of Strategy and Regional Economy and the Head of Planning and Partnerships provided an update on the Draft Operating Plan for feedback prior to subsequent submission to the Scottish Government and publication in mid-May. The draft reflects the Interim Guidance letter and internal and Board sub-group feedback.

The Board discussed this in detail, providing additional comments that will be incorporated into the plan. The new infographic on HIE's approach was also well received. The Board appreciated the extra time on the Operating Plan this year and the opportunity for early involvement.

The Chair noted that he was pleased with the direction of travel highlighting that the Plan set out clear actions and deliverables.

## **2.5 Performance Update**

The Head of Planning and Partnerships presented a paper setting out an interim summary of HIE's performance to the end of period twelve for financial year 2020/21. A final performance report will be provided to the HIE Board in June as data is still being updated. The key points to highlight are: 1) Outcomes substantially higher than previous years due to the additional COVID-19 Funds; 2) Lower value of investments supporting international sales, as would be anticipated due to the UK leaving the EU and COVID-19; 3) Lower average wage levels compared to previous years due to the volume and value of investment in lower paying sectors; and 4) *[Sentence removed in the interests of the effective conduct of public affairs].*

An update on the Inclusive Growth Model – Area Profiling will be shared with the Board at the August meeting.

The Chair thanked the Head of Planning and Partnerships for the work undertaken by a small team.

*Lorna Gregson-MacLeod left the meeting.*

*Freda Newton dropped out from the Teams call experiencing technical difficulties.*

## **2.6 Risk Register**

The Director of Business Improvement and Internal Audit presented the updated risk register as at April 2021 highlighting new and amended risks and the movement of scores over time. *[Sentence removed in the interests of the effective conduct of public affairs].*

The Board were content with the report and following discussion, agreed that there was no need to differentiate between strategic and tactical risks. A question was raised in relation to the move in the risk scoring in relation to Cairngorm which the Leadership Team will review.

## **2.7 Minute of Risk and Assurance Committee meeting – 1 March 2021**

The Chair of the Risk and Assurance Committee (RAC) reported on matters discussed at the meeting held on 1 March 2021.

Papers discussed included Cairngorm Mountain, Space Hub Sutherland risk update, delivery of Covid funds and the governance arrangements, Data Protection and the HIE steps taken to reduce risk, Creative Industries lessons learned and claim process, Disaster recovery with dates agreed for follow-up, Annual Accounts processes and cyber security review.

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

## **2.8 Terms of Reference – Remuneration Committee**

The Interim Director of Human Resources presented a paper recommending two changes to the Terms of Reference for the Remuneration Committee. The changes include an additional section on exceptional circumstances and a change in relation to the meeting frequency. The proposed amendments were accepted by the Remuneration Committee at their meeting on 19 March 2021.

The Chair of the Remuneration Committee confirmed the approval of the changes and the Board approved the changes to the Terms of Reference.

## **2.9 Minute of Remuneration Committee meetings**

*[Section removed in the interests of the effective conduct of public affairs and data protection].*

### **2.9.1 Minute of Remuneration Committee 19 March 2021**

*[Section removed in the interests of the effective conduct of public affairs and data protection].*

### **2.9.2 Minute of Remuneration Committee 29 March 2021**

*[Section removed in the interests of the effective conduct of public affairs and data protection].*

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

### **3.1 Property factoring and consultancy 2021-22**

*Ruaraidh MacNeil and Graeme Adair joined the meeting.*

A gross budget of £3,094,246 gross (£2,042,812 net of recoveries) was requested to cover the main heads of expenditure for external factoring and consulting services relating to HIE's commercial property portfolio in 2021-22. It was noted that, in many cases, costs incurred by HIE were recoverable by being recharged to tenants under their lease terms, with the result that the net cost to HIE was around two-thirds of the gross figure.

The budget would cover a range of expenditure, including general operational costs, repairs and recoveries; head rents; void service charges (including Inverness Campus); property insurance; repairs at Arnish fabrication buildings and in Cairngorm Estate, and marketing.

In discussion, the Board noted that a new HIE property strategy was being developed and its outcomes would be reflected in future factoring arrangements beyond 2021-22. It was anticipated that the new strategy would be finalised in June and would inform the tendering process for the property managing agent contract later in the year.

The budget request was approved.

### **3.2 Life Sciences Innovation Centre (LSIC) – update and award of contract**

- *It was noted that Amanda Bryan lectures part-time at the Scottish School of Forestry and Angus Campbell is HIE's nominated representative on the UHI Court. Consideration would therefore be given as to whether these Board members may have a conflict of interest regarding this project. In the meantime, it was agreed that neither Ms Bryan nor Mr Campbell would participate in any decision arising from today's discussion.*

The Director of Business Infrastructure presented a paper on the Life Sciences Innovation Centre (LSIC), which HIE staff have been developing as a joint project with the University of the Highlands and Islands (UHI). The project had initially been presented in April 2019 and the Board had given approval in October 2020 to go to tender for building works. Approval was now being requested to: award a building contract; enter into formal legal arrangements with UHI, and conclude a land sale to UHI.

As HIE was acting as a developer and assuming responsibility for the main construction, the project would require a gross approval to reflect total building costs of £9,772,151 plus VAT, and not only the net HIE costs which had previously been presented.

In detail, therefore, the Board was being asked to approve:

- A budget of up to £9,772,151 plus VAT for this phase of the LSIC project
- Awarding a construction contract for the LSIC building to Robertson Construction Northern Limited in the sum of £9,047,036.66 plus VAT.
- A back-to-back development agreement with UHI to confirm legal obligations and responsibilities pertaining to the project delivery, and recovery of the UHI portion of the construction works, estimated at £4,831,967.00 plus VAT.
- A back-to-back land sale with UHI for its portion of the plot, generating a receipt to HIE of £243,790 plus VAT.

The Director added that the net costs for HIE had reduced following a successful application to the European Regional Development Fund (ERDF).

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

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

It was agreed that HIE staff would confirm that awarding the contract as proposed in the paper would be in line with legal advice, and would satisfy themselves that governance arrangements were appropriate. Subject to these actions reaching positive conclusions, the Board approved the total budget, award of contract to Robertson Construction Northern Limited, development agreement and land sale, as recommended.

*Freda Newton rejoined the meeting (1250).*

Ruaraidh MacNeil and Graeme Adair left the meeting.

## 4 UPDATES CUNNTASAN AS ÙR

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

### 4.2 BiFab / Arnish lease

*Amanda Bryan rejoined the meeting.*

*Rachel Mackenzie joined the meeting.*

The Director of Strategic Projects updated the Board on the position of the Arnish site on Lewis and the potential lease of the facility to InfraStrata Ltd, which had acquired the assets of former tenant BiFab from administrators.

It was noted that InfraStrata was planning to develop Arnish into a site focused on a more diverse range of activity than the previous tenant. This would include energy, general fabrication, ferries and cruise ship maintenance and development. HIE had conducted due diligence along with Scottish Enterprise and was now progressing assignment of the remaining lease. *[Sentence removed in the interests of the effective conduct of public affairs].*

The Area Manager, Innse Gall, added that InfraStrata had recruited a general manager for Arnish and stated its intention for Arnish to operate and be managed locally.

*[Sentence removed in the interests of the effective conduct of public affairs].* The Area Manager noted that long-term employment was the outcome HIE wished to see. InfraStrata's proposed rates of pay appeared reasonable and another encouraging sign was that the company had held discussions with Lews Castle College to establish apprenticeships. In response to a question from the Chair, the Area Manager confirmed that HIE staff were being as open as possible with local action group *Action for Arnish* and that InfraStrata had also had meetings with them.

The Board noted the current position and actions being taken.

*Rachel Mackenzie left the meeting*

### 4.3 Tourism – HIE's response to recovery

*Anna Miller joined the meeting.*

The Deputy Chief Executive introduced the Head of Tourism, who was attending to present an update on HIE's response to the recovery of the region's tourism sector. It was noted that the paper had been developed with input from Board members Paddy Crerar, Freda Newton and Calum Ross, all of whom have extensive experience in the sector.

This paper proposed a leading role for HIE in supporting the recovery and sustainable growth of the regional tourism sector and sought Board endorsement and approval to develop a range of strategic opportunities and priority actions for HIE to deliver as part of the Scottish Tourism Recovery Plan.

The impact of COVID-19 on tourism had been catastrophic, delivering a dramatic decrease of over 60% in the sector's GDP – equal to £0.5bn – and a substantial but as yet undetermined number of job losses and business closures. The crisis had resulted in the need for tourism businesses to adapt, evolve and respond to changing visitor markets and expectations. This presented an opportunity to reposition the sector, to recover and create a more resilient, responsible and sustainable future for tourism in the Highlands and Islands.

The paper set out the strategic context for HIE's future support of the sector, noting that the next stage would require a series of appraisal papers for internal approval, including details of strategic opportunities and resources required for delivery. With the National Tourism Recovery Plan in development, the paper would also form the basis of HIE's input to, and ask of, the Scottish Government's national response and budget for tourism recovery.

While Board members welcomed the paper, they also encouraged HIE colleagues to show even greater ambition for the sector, which is a major contributor to the Highlands and Islands economy. It was important that HIE was well-resourced to support the recovery of tourism and maximise the region's input to a strong national industry.

There was a desire to see more information relating to net zero, including the potential for HIE to influence Scottish Government and others to encourage infrastructure investment and address transport issues, including provision of electrical vehicle charging points. Members also asked for information on HIE's collaboration with other organisations and highlighted the need for a supply of affordable accommodation for workers.

The Chair thanked Board members and staff for a wide-ranging discussion on this key topic. Summing up, it was clear that there were some matters on which HIE could have a direct impact, such as investment in digital infrastructure and uptake, and others where an advocacy and influencing role was more appropriate, such as transport and electrical vehicle charging.

While some of these matters lay outside the agency's remit, they were important to the economy and needed to be tackled. Themes of net zero and fair work also mattered and should be woven strongly into HIE's approach. If the agency's ambition required greater resource or national funding, the Board would be willing to consider this and make a case to government.

Recognising the work done, the Chief Executive agreed the need for a focused activity plan to be implemented with appropriate resources, to bolster this major sector of the region's economy.

*Anna Miller left the meeting.*

#### **4.4 Post-transition matters**

The Director of Strategy and Regional Economy delivered a summary of key issues for HIE following the UK's exit from the European Union. These included the replacement EU funds proposed by the UK Government; the current state of UK subsidy arrangements to replace EU State Aids, and the wider socio-economic implications.

HIE had provided a considered response to UK Government consultation, as an early move to influence the development of a new subsidy regime and was taking a visible leadership role at regional level, including engagement with politicians and local authorities on key issues.

The Chair noted that he had raised these issues in a meeting with the Scottish Secretary. The Board noted the requirement for facts and figures providing hard evidence of the benefits delivered with EU funding in the past and which highlighted the need for any new arrangement to recognise both the needs of the HIE region and its contribution to national growth. It would be vital to work with local authority partners, who would have access to these funds and would benefit from a regional approach that HIE could help take forward.

It was agreed that these recommendations would be taken forward by HIE staff and an update provided to the Board.

*Amanda Bryan left the meeting (1507).*

#### **4.5 Summary of growth deals across the HIE region**

The Director of Strategy and Regional Economy presented a high-level summary of growth deals across the Highlands and Islands, focusing on the most recently finalised deals for Argyll and Bute, the Islands and Moray.

Following the signing of Heads of Terms for both the Islands Deal and the Argyll and Bute Deal in Q4 of 2020/21, all parts of the region are covered by Growth Deals. These were regarded as a key policy tool for socio-economic development, and there was strong political support for projects within respective deals at local authority level.

The Board noted that, with the exception of the Inverness and Highland City-Region Deal, HIE had no formal commitment to any projects at present. *[Sentence removed in the interests of the effective conduct of public affairs].*

A programme approach was therefore being proposed, which would allow for consistency, including the development of the overall funding envelope and HIE's role.

In discussion members welcomed the pragmatic approach being taken by HIE staff, noting the scale of both the opportunity and challenge, particularly given the financial difficulties currently being experienced by local authorities. There was disappointment that the Islands Deal that had recently been confirmed was not at the level which had originally been proposed, and would be spread over a longer timeframe.

The Chair thanked the Director for the update on the Growth Deals and the potential implications for HIE.

#### **4.6 Northern Innovation Hub interim review**

*Claire Munro and Steven Hutcheon joined the meeting.*

The Acting Regional Head of Technology and Innovation and the Senior Project Manager presented an update on the Northern Innovation Hub (NIH), an Inverness and Highland City-Region Deal project that is managed by HIE.

NIH is a multi-faceted programme of business support, targeted at small-to-medium-sized enterprises (SMEs) in the Highland Council area. It is one of 11 projects delivered through the City-Region Deal and focuses on four sectors: creative industries; life sciences; food and drink, and tourism, as well as cross-cutting themes of technology and young people. The overall programme budget is £15.2m, comprising £11m City-Region Deal funding, £1.2m ERDF, and £2m from HIE.

An interim review by EKOS Consulting has found that the NIH programme remains relevant and fit for purpose, and made recommendations for adjustments to better align the programme with HIE's wider offering and the needs of Highland SMEs. These include actions on the overall programme approach, governance and management, delivery and operation, contract management, performance management, marketing and promotion, and ongoing development of individual projects.

The Chair thanked the team for the update, underlining the need for lessons to be learned and the experience gained through NIH to be shared with other HIE teams involved in growth deals across the region. The Board endorsed a set of recommendations arising from the review and looked forward to continuing to receive annual updates.

*Claire Munro and Steven Hutcheon left the meeting.*

#### **4.7 Space programme**

The Director of Strategic Projects presented an update on activities to develop the space sector in the Highlands and Islands. The Board noted that the Director's role had evolved and he now had a regional overview and responsibility for all space-related activity in which HIE was involved. The Board welcomed this development.

##### **4.7.1 Space Hub Sutherland**

*Rachel Hunter left the meeting.  
David Howie joined the meeting.*

The Project Lead, Space Hub Sutherland, updated the Board on progress with this project, which aims to establish a commercial satellite launch site at Melness in Sutherland.

*[Sentence removed in the interests of the effective conduct of public affairs].* The current focus of the project team was on preparing for the Scottish Land Court hearing, which will hear evidence in May to determine HIE's application for development, and for a judicial review in June, petitioned by Wildland, of the Highland Council's decision in August 2020 to award planning consent.

Work was also continuing to complete a full business case for an operating model, which the team aimed to present to the Board in August 2021. Good progress was being made to purify planning conditions, and it was hoped to begin detailed ground investigations in May. Although this would mean work being carried out during bird breeding season, appropriate controls would be in place, including an environmental clerk of works who would be present on site. It was noted that Wildland had refused to cooperate with the bird survey.

The Chair thanked the Project Lead for his update.

*David Howie left the meeting.*

##### **4.7.2 Shetland Space Centre (SSC)**

The Board noted that Shetland Space Centre's planning application had received a statutory objection from Historic Environment Scotland and its scheduled monument consent application had been rejected. The Director of Strategic Projects was liaising with both SSC and HES in a bid to resolve these matters.

### **4.7.3 Spaceport1**

Spaceport 1 was seeking further support towards the development of a sub-orbital solution from HIE.

### **4.7.4 Machrihanish**

The Board of Machrihanish Airbase Community Company was currently reviewing all opportunities, including space, to determine key priorities.

## **4.8 Cairngorm Mountain**

*Elaine Hanton and Dave MacLeod joined the meeting.*

The Project Lead, Cairngorm and the Head of Property and Infrastructure provided an update on several matters relating to Cairngorm Mountain. These included funicular reinstatement works that have now resumed following winter; development of the Cairngorm Estate Masterplan; operating company plans and activities and its year-end financial position. The update also covered stakeholder engagement and communication, legacy legal cases and governance matters. It was noted that HIE's in-house team had been strengthened with the appointment of *[Name removed – data protection]*, a qualified and experienced civil engineer with specific knowledge of railway projects.

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

The masterplan had been presented to the board of the Cairngorms National Park Authority on 26 March and was generally well received. HIE was taking observations on board, including drawing out the importance of accessibility and equalities. The masterplan will be shared with the Scottish Government for comment prior to publication, which would now be after the Scottish Parliamentary election in May.

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

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

The Project Lead reported that operating company Cairngorm Mountain (Scotland) Ltd (CMSL) had reopened on a limited basis. Posts of project manager and marketing manager had been filled, though a vacancy for a commercial manager remained.

It was expected that SSE would begin work to upgrade the electrical ring main in May, and the first meeting of the new Cairngorm Advisory Group, which would be co-chaired by the Chair of HIE and the Highland Council Convener, would take place towards the end of that month.

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

The Board welcomed the paper and presentation and asked that the next update include information to show how the operating company is performing. The Chief Executive agreed to provide this, and would include a breakdown of achievements against key performance indicators.

*Elaine Hanton and Dave MacLeod left the meeting.*

**5****ITEMS FOR INFORMATION****CUSPAIREAN AIRSON FIOSRACHADH****5.1 Any other business**

There was no other business.

**5.2 Forthcoming meeting dates**

The Chair noted that the next meeting of the Risk and Assurance Committee would take place on Tuesday 1 June 2021 and the next HIE Board meeting was scheduled for Monday 28 June 2021.

Chris Roberts / Adrian Kitson  
27 April 2021