

BOARD MINUTE

25 JUNE 2024

Highlands and Islands Enterprise

APPROVED



BOARD MEETING
COINNEAMH BUIRD

**MINUTE OF THE HIE BOARD MEETING HELD ON TUESDAY 25 JUNE 2024, STARTING AT 09:30
IN AN LÒCHRAN, INVERNESS CAMPUS, AND ONLINE**

PRESENT (INVERNESS)

Alistair Dodds (*Chair*)
Angus Campbell (*Deputy Chair*)
Stuart Black (*Chief Executive*)
Allan Clow
Melanie Collett
Simon Cotton
Ailsa Raeburn
Calum Ross
Anna Salgado
David Wilson

PRESENT (ONLINE)

Freda Newton
Keith Nicholson

IN ATTENDANCE (INVERNESS)

Carroll Buxton	Deputy Chief Executive
Sandra Dunbar	Director of Business Improvement and Internal Audit
Nick Kenton	Director of Finance and Corporate Services
Karen Moncrieff	Director of Human Resources
David Oxley	Director of Strategic Projects
Chris Roberts	Head of Communications
Anne-Marie Martin	Deputy Director, Regional Economic Development, Scottish Government
Andrew Carton	Team Leader (HIE), Enterprise Agency Sponsorship, Scottish Government
Catherine MacNeil	Senior Research Manager, item 2.2
Keith Masson	Head of Net Zero Transition, item 2.2
Elain MacRae	Head of Energy, item 3.1
Elaine Hanton	Senior Project Lead, Regional Infrastructure, item 3.2
Dave Macleod	Head of Property and Infrastructure, item 3.2
Anna Allan	Head of Marketing and Communications, item 3.3
James Laraway	Business Improvement Manager, item 4.4

IN ATTENDANCE (ONLINE)

Morag Goodfellow	Area Manager, Argyll and the Islands, item 2.1
Claire McMurchy	Head of Strengthening Communities, Argyll and the Islands, item 2.1
Peter McDonald	Senior Development Manager, Argyll and the Islands, item 2.1
Claire Wilson	Senior Development Manager – Energy Supply and Infrastructure, item 3.1
Dr Poonam Malik	Co-Chair, New Deal for Business Group, item 3.4
Judith Young	Deputy Director, New Deal for Business Group, item 3.4

1 **STANDING ITEMS**

CUSPAIREAN COTHROMACH

1.1 Welcome and apologies

The Chair welcomed everyone to the meeting, including new Board members Allan Clow and Melanie Collett, whose appointments had begun on 1 May, and Andrew Carton of the Scottish Government. It was noted that Anne-Marie Martin of the Scottish Government would be joining parts of the meeting.

Apologies had been received from Martin Johnson, Director of Strategy and Regional Economy.

1.2 Declarations of interest

Ailsa Raeburn declared interests due to her role as a board member of Crown Estate Scotland in Sumitomo and the Inverness and Cromarty Firth Green Freeport, which were referenced in item 1.6. It was agreed that she would leave the meeting if details of either project were discussed. References to these subjects had been withheld from Board papers issued to Ms Raeburn.

The following Board and staff members made transparency statements in connection with items on the meeting agenda. None of these was considered to present a conflict of interest.

Board / staff member	Item	Transparency statement
Ailsa Raeburn	3.1	Board member, Crown Estate Scotland
Freda Newton	5.2	Owner / Managing Director, Loch Ness by Jacobite – noted that Loch Ness Coffee Company, Tuminds and Gael Force are suppliers
Alistair Dodds	5.2	Board member of Highland Print Studios and neighbour of AliMac Candles, both included in approvals list
Angus Campbell	-	University of the Highlands and Islands (UHI) Court – Further Education Regional Lead and Vice-Chair of Partnership Forum
Allan Clow	-	UHI Court – independent member
Calum Ross	-	UHI Court – HIE representative

1.3 Draft minute of Board meeting, 22 April 2024 **RESTRICTED**

The minute was approved as an accurate record of the meeting.

1.4 Draft minute of Board meeting, 3 June 2024 – end-year performance

The minute was approved as an accurate record of the meeting.

1.5 Matters arising from the minutes and action grid

The Director of Strategic Projects reported that the Scottish Government was continuing to develop its Green Industrial Strategy and that HIE had been liaising with officials, including influencing on behalf of tidal and marine energy opportunities in the Highlands and Islands.

The Chief Executive confirmed that he had issued a letter to the Cabinet Secretary for Transport regarding the planned East Link road, Inverness, and received a reply. The project was now moving forward, with compulsory purchase orders having been issued, which was an encouraging step. *[Sentence removed in the interests of the effective conduct of public affairs].*

It was confirmed that the Highland Council, as a partner in the Inverness and Highland City-Region Deal, had approved changes that HIE had proposed to the Northern Innovation Hub Food Tech Hub project.

Following a suggestion from the Board, the Chief Executive confirmed that HIE was adopting the terminology 'inclusive growth focus areas' as a new means of identifying and prioritising parts of the region facing particular challenges, including, but not confined to, those currently classed as fragile areas. A meeting would be arranged for HIE staff to present details of the new approach to Board members and enable discussion.

All other matters arising would be covered under agenda items.

1.6 Chair and Chief Executive update RESTRICTED

The Board welcomed a summary of significant activities and issues that were currently being dealt with by HIE staff and were not covered elsewhere on the agenda. There was discussion on the following items:

- **Legal matters**

The Director of Business Improvement and Internal Audit noted that matters relating to Cairngorm would be covered in a separate item on today's agenda.

[Paragraph removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].

HIE's Framework document with the Scottish Government was close to being finalised. Minor changes had been made by HIE's Leadership Team, on delegated authority from the Board and it was expected that the Deputy First Minister and Cabinet Secretary for Economy and Gaelic would approve the final document shortly.

- **Sumitomo RESTRICTED**

Ailsa Raeburn left the meeting.

An official ground-breaking event for Sumitomo's subsea cable factory at Nigg had taken place on 14 May. *[Sentences removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].*

Anne-Marie Martin joined the meeting

Ailsa Raeburn rejoined the meeting.

- **Inverness and Cromarty Firth Green Freeport RESTRICTED**

The Green Freeport tax site delivery agreement had been signed. *[Sentence removed in the interests of the effective conduct of public affairs].*

- **Space**

SaxaVord Spaceport held its official opening on 29 May and had received a £10m *[part of sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity]* from the UK Government, *[part of sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity]. [Sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].*

Orbex's construction of Sutherland Spaceport was progressing well, with the road nearing completion and the next stage concerning the launch pad. *[Sentences removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].*

In response to a question from the Chair, the Director of Strategic Projects confirmed that HIE funding was going into Orbex's activities in Forres and Sutherland, not to Denmark, where it had a smaller presence.

[Paragraph removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].

- **Arnish**

[Paragraph removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].

[Paragraph removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].

It was agreed that an Arnish sub-group meeting would be arranged within the next four to six weeks, focusing on the masterplan and future options. The Director of Strategic Projects also agreed to prepare a briefing note to inform members of the history and current situation at the site.

- **C S Wind / Machrihanish**

[Paragraph removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].

[Paragraph removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].

- **Fair Isle Bird Observatory**

The Fair Isle Bird Observatory Trust was working to keep the project on track following administration of the main contractor. Shetland business Ocean Kinetics had been brought in to undertake early fit-out work. *[Sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].*

- *[Item removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].*

- **Cnoc Soileir, South Uist**

HIE had received a request for £1.9m investment in an £8m project to deliver an auditorium, dance studio and green rooms. Due diligence was under way and further information was being sought from the client with a view to presenting a paper to the HIE Board in the near future.

- **LionVolt**

LionVolt had now signed a full lease with HIE for space within Denchi House, Thurso, and had retained most of the staff previously employed by AMTE Power. *[Sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].*

- *[Item removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].*

- **Local delivery officers**

Following correspondence between the HIE Chief Executive and the Deputy First Minister, the Scottish Government had confirmed funding for the Delivery Resource programme for quarters one and two in 2024/25. HIE was continuing to liaise with Scottish Government officials to secure funding for the second half of the year, noting the valuable role played by local development officers in enabling community groups to identify and develop projects.

- **Scottish Government**

It was noted that work on the National Strategy for Economic Development (NSET) refresh would now take place alongside development of the new Programme for Government, with both being ready later in the year. *[Sentences removed in the interests of the effective conduct of public affairs].*

- **Science Skills Academy**

Financial private sector contributions towards the core costs of the Science skills Academy (SSA) had been successfully attracted *[part of sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity]. [Sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].*

- **Organisational development**

The Director of Human Resources reported that, following recruitment, HIE's current Area Manager, Innse Gall, had been appointed to the new role of Director of Area Operations. The area manager position would not be replaced directly, but options to strengthen capacity in the area team would be considered by the Workplace Planning Forum. The Chair offered the Board's congratulations to Ms Peteranna and expressed confidence that she would prove highly effective in her new role.

The HR team was running a series of workshops and development sessions for line managers throughout the organisation, focusing on resilience, adaptability and change management .

- **Chair and Chief Executive engagement**

Following the last Board meeting, held in the Outer Hebrides, the Chair and Chief Executive had attended a meeting of the Stornoway Port advisory board and discussed regional economic issues with Shona Robison MSP, who was then Deputy First Minister.

The Chair and Chief Executive had met the Principal of UHI and the Chair of the University Court, *[part of sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].*

The Chair had chaired a positive meeting of the Cairngorm Advisory Group, looking at a range of issues affecting Cairngorm Mountain Estate and the wider economy of Badenoch and Strathspey.

The latest meeting of the Highlands and Islands Regional Economic Partnership had focused on community benefit and an update paper on this subject would be brought to the next meeting of the HIE Board. It was important to ensure that all parts of the region had the opportunity to be aware of good work being carried out in different areas and to share best practice.

An online Board engagement session with businesses and communities in Argyll and the Islands had attracted more than 40 participants, prompting discussion on a broad range of topics and positive feedback from those taking part. The Chair thanked Ailsa Raeburn and Calum Ross for their participation.

2 DECISIONS CO-DHÙNAIDHEAN

2.1 Rothesay Pavilion

Morag Goodfellow, Claire McMurchy and Peter McDonald joined the meeting.

[Item removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].

2.2 Baselining inventory for greenhouse gas emissions in the Highlands and Islands **RESTRICTED**

Catherine MacNeil and Keith Masson joined the meeting.

HIE's Senior Research Manager and Head of Net Zero Transition presented the findings of research to establish a baselining inventory of greenhouse gas (GHG) emissions for the region and explore renewable energy generation and carbon sequestration opportunities.

This was new research dealing with imperfect data and a scope that did not measure all activity that generated emissions, for example imports. Nonetheless, the inventory would provide an opportunity to baseline regional performance and compare progress with other places over time. Key findings included:

- Regional GHG emissions accounted for 15% of the Scottish total in 2019.
- Emissions declined between 2005 and 2019, but the pace of change lagged behind Scotland overall.
- The top five sources of regional emissions are agriculture; land use; land use change and forestry; land-based transport; domestic and industry.
- Sub-regional variation was evident.
- The region has a dependency on carbon intensive fossil fuels.
- It is more challenging to bring properties up to appropriate energy efficiency standards than elsewhere in Scotland.
- Current solutions are not all suitable so innovation is key and could provide economic opportunity.
- The region accounts for more than half of Scotland's current renewable energy capacity, which could increase four-fold if all pipeline activity is realised.

In discussion, it was noted that the Highlands and Islands Regional Economic Partnership's draft economic strategy recognised that climate change adaptation, decarbonisation and energy transition were significant drivers of change for the region, requiring a co-ordinated, collaborative approach. Key areas for action included agriculture, transport, domestic energy efficiency and investment to increase access to lower carbon forms of energy, including green hydrogen. Regarding agriculture, it was confirmed that SRUC was currently working on a report that would provide further information.

The Board thanked the presenters, welcomed the findings and endorsed the importance of establishing a baseline for future monitoring of regional greenhouse gas emissions. It was agreed that a Board development session would be arranged later in the year to enable more in-depth analysis and discussion of this important subject.

Catherine MacNeil and Keith Masson left the meeting.

3 **UPDATES** **CUNNTASAN AS ÙR**

3.1 Offshore wind strategic port investments

Elain MacRae and Claire Wilson joined the meeting.

The Head of Energy and the Senior Development Manager – Energy Supply and Infrastructure updated the HIE Board on the pipeline of infrastructure development projects currently emerging in response to the growing offshore wind opportunities across the Highlands and Islands, highlighting the role HIE will play in delivering these projects.

In response to ScotWind and INTOG offshore wind leasing rounds, ports and harbours across the region were developing business cases for significant infrastructure investments. Through the Scottish Offshore Wind Energy Council's (SOWEC) Strategic Investment Model (SIM) and the Scottish Government's Offshore Wind Investment Programme (with funds of up to £500m), the public and private sectors were working to develop a proactive, strategic approach to identify strategically-important investments to maximise economic returns.

[Paragraph removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].

The Board welcomed the update, which underscored the huge scale of economic opportunity that the offshore wind sector presented both for the region and Scotland as a whole. It was noted that all the projects named in the update would require a full business case and robust due diligence and it was important for HIE to be fully engaged with partners including the Scottish Government and Scottish National Investment Bank.

The agency was setting up project teams to pool knowledge and experience from teams across HIE. Although it was recognised that the volume of ambitious projects being developed would create significant challenges, including the need for skilled labour, housing and connectivity, the region had historically proven able to support large-scale industrial opportunities, notably in the oil and gas boom of the 1970s.

The Board thanked the Energy Transition and Net Zero team for the update and welcomed the information relating to potential future investment in ports.

Elain MacRae and Claire Wilson left the meeting.

Due to technical difficulties, Keith Nicholson was unable to remain in the meeting at this point.

3.2 Cairngorm

Elaine Hanton and Dave Macleod joined the meeting.

The Senior Project Lead, Regional Infrastructure, and the Head of Property and Infrastructure delivered an update on matters relating to Cairngorm.

[Paragraph removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].

[Paragraph removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].

[Paragraph removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].

[Paragraph removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].

Three capital investments had recently been approved by HIE, enabling CMSL to introduce mountain karting, carry out Day Lodge improvements and expand the playpark, subject to planning consent from the Cairngorms National Park Authority.

With the CMSL Chief Executive due to retire in September, *[part of sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity]* arrangements were being put in place for Wave Energy Scotland Managing Director Tim Hurst, who is currently on the CMSL board, to step in as Interim Chief Executive. The intention was that this would be a temporary arrangement until the funicular service is restored, following which recruitment of a new permanent Chief Executive would commence.

[Paragraph removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].

The Board thanked the Cairngorm team for the update, and noted their continuing commitment in managing a highly complex and challenging set of circumstances.

Elaine Hanton and Dave Macleod left the meeting.

3.3 Marketing and Communications Strategy update

Anna Allan joined the meeting.

Note: this item was taken immediately after item 1.5, when Keith Nicholson was present.

The Head of Marketing and Communications presented an update on delivery of HIE's 2023-25 Marketing and Communications Strategy. Approved by the Board in June 2023, the strategy informs the ways in which HIE's Marketing and Communications team supports teams across the organisation to deliver and promote strategic priorities, products and services to a range of defined audiences, both external and internal. At the mid-point in this two-year strategy, an in-house review had recognised strong progress while highlighting areas for further focus and/or review over the coming year.

Looking at statistical analysis of the past 12 months' performance, the Board noted that changes to the digital landscape, including a multiplicity of social media channels and the evolving use of algorithms, were affecting levels of engagement for many organisations and that HIE was taking action to respond to this challenge. A refresh of mailing lists in February had encouraged an uplift in the volume of HIE emails being opened by subscribers.

The Head of Marketing and Communications confirmed that HIE's 'Be Here' campaign had been designed to contribute to a broader approach to talent retention and attraction alongside Brand Scotland partners, local authorities and other organisations including universities and the NHS.

There had been a drop in website traffic in the past year which the team was investigating. One factor was thought to be that HIE was regularly signposting visitors to the Find Business Support website as a portal to all public support for businesses in Scotland and not only HIE products and services. It was noted that HIE's intranet is used as a single access point to all internal systems as well as information and knowledge sharing across the organisation and was currently being reviewed for optimal ease of use, stability and efficient content management.

In discussion, the Board asked for key messages on current issues to be shared regularly and it was agreed that the weekly update email would be an appropriate means to deliver this. The upcoming sixtieth anniversary of the founding of the Highlands and Islands Development Board in 2025 was highlighted as an opportunity to raise awareness of the organisation's purpose and future plans, as well as its history.

The Chair asked whether HIE had the capacity and expertise in-house to deliver more marketing and communication activities at its own hand. The Head of Marketing and Communication confirmed this was the case, noting that most activities were already delivered directly by the in-house team, with some exceptions where specialist input was required, such as web development. There was also a need to ensure that news from area teams across the region was being captured and disseminated effectively.

The Board thanked the team for their work throughout the year, ensuring the strategy was working well and being implemented.

Anna Allan left the meeting.

3.4 New Deal for Business

Anne-Marie Martin left the meeting.

Dr Poonam Malik and Judith Young joined the meeting.

The Chair welcomed the Co-Chair and Deputy Director of the New Deal for Business Group (NDBG), noting the importance of its work for all parts of Scotland, including the Highlands and Islands. The Board were pleased to be meeting the NDBG representatives online and extended an open invitation for an in-person visit to the Highlands and Islands in future.

Dr Malik and Ms Young delivered a short presentation on the origins, ambitions and planned outcomes of the NDBG, which had been established in 2023 to strengthen the relationship between government and business as a true partnership, and amplify the voice of business in policy design and implementation. Five sub-groups held responsibility for regulation, business partnership, non-domestic rates, wellbeing economy and sharing key metrics.

The group's actions were geared towards creating an improved regulatory environment and culture within government that understands and supports the contribution of business in Scotland's transition to a wellbeing economy. The group was working to an 18-month delivery programme that aimed to instil culture change. Members had already provided feedback to the Scottish Government to inform the next Programme for Government and provided input to inform Scottish Ministers' decision on minimum unit pricing for alcohol.

Discussion focused on issues affecting the Highlands and Islands and the role of the region's businesses in the wider Scottish wellbeing economy. Board members asked if the NDBG had a role in addressing specific constraints on business growth, such as housing and short-term funding. There was also a focus on the role of community and social enterprises, which play an important role in the Scottish economy, especially in islands and rural mainland areas.

It was noted that meetings had been held between HIE and the NDBG, and that these would continue on a regular basis. There was considerable interest in sharing HIE's business surveys as a valuable source of data and experience from the business community.

The Board highlighted issues affecting all parts of Scotland, again emphasising the importance of housing as well as digital reach, population retention and attraction, childcare and the availability of skills and labour. Dr Malik agreed these were key issues affecting the south of Scotland and Central Belt as well as the Highlands and Islands and explained that the NDBG engaged with national organisations representing the whole country.

Members asked whether NDBG was also reaching out to the UK Government and were assured that plans were in place to do so following the upcoming general election on 4 July. The Chief Executive also noted the importance of ensuring the work of NDBG was aligned with other initiatives, particularly the National Strategy for Economic Transformation and the Business Support Partnership.

Anne-Marie Martin rejoined the meeting.

In closing, the Chair thanked Dr Malik and Ms Young for their presentation and willingness to engage with questions and comments from the HIE Board. He gave a commitment that HIE was willing to work in partnership with the NDBG and could offer considerable benefit as an organisation that was in constant contact with the region's businesses and communities. This would be particularly valuable at the present time, when the biggest economic opportunities for Scotland were in the Highlands and Islands, as demonstrated by recent renewable energy investments announced for Ardersier and Nigg.

Dr Poonam Malik and Judith Young left the meeting.

4 RESOURCES AND GOVERNANCE **GOIREASAN IS RIAGHLACHAS**

4.1 Financial statement

The Director of Finance and Corporate Services presented HIE's financial position and forecast at 31 May 2024.

[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].

Another risk concerned HIE's ERDF claim for creative industries, which was under discussion with the Scottish Government, and it was noted that any potential write-off would score against HIE's 2023/24 budgets and final accounts. *[Sentence removed in the interests of the effective conduct of public affairs].*

The Chair thanked the Director for the report, observing that conversations should continue with the Scottish Government *[part of sentence removed in the interests of the effective conduct of public affairs].*

The Board otherwise noted the financial position that had been presented.

4.2 Draft financial strategy 2024/25 – 2028/29 RESTRICTED

The Director of Finance and Corporate Services presented a draft financial strategy and outlook for the period 2024 – 2029. The financial strategy had been updated since an earlier version was presented to the Board a year ago. It was aligned with HIE's five-year strategy, launched in August 2023, as well as strategies covering workforce, property, IT, cyber security, procurement, other funding and intervention framework.

It set out the expected financial environment over the next four years, including the financial resources that HIE anticipated it would have from all sources to deliver its priorities, as well as budget pressures and funding gaps relating to both capital and revenue expenditure. The overarching aim was to maximise HIE's spend to generate benefits across the region, whilst ensuring a balanced budget by the end of each financial year.

In discussion, it was confirmed that HIE's external funding board, which had previously concentrated on EU funding, now had a broader remit. Work was also ongoing to capture the impact of funding awards

that did not come directly through HIE, but which the organisation helped to achieve, and of non-financial HIE support.

Keith Nicholson rejoined the meeting.

The Board noted these points and stressed the importance of seeking funding from a full range of potential sources, including partner organisations such as Crown Estate Scotland, the Scottish National Investment Bank, UK Infrastructure Bank and private investment. Resourcing was another key issue and the Director of HR assured the Board this was being addressed through measures including a workforce plan and succession planning. The Board also agreed it was important to demonstrate to the Scottish Government that HIE was taking effective action to improve efficiency.

The Board welcomed the report, noting both the importance of establishing a five-year financial strategy and ensuring it was continually reviewed and updated.

4.3 Write-off – The Underwater Centre Ltd RESTRICTED

The Board approved a request for HIE formally to write off an irrecoverable loan balance of £615,960 relating to the Underwater Centre, Fort William, which had gone into administration. The loan had been fully provided for in prior years and there would therefore be no budget impact. It was noted that the Scottish Government would be advised of the write-off by way of the Board paper.

4.4 Corporate risk register RESTRICTED

James Laraway joined the meeting.

The Director of Business Improvement and Internal Audit presented HIE's latest corporate risk register, *[part of sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity]*.

A question was raised concerning potential fragility in the communities sector. The Director of Area Operations explained that there was a mixed picture across the region, noting that communities benefiting from renewable energy generation tended to be in a stronger position than those that did not. It was agreed to explore this question further and noted that a paper on community benefits would be presented to the next Board meeting.

It was noted that the role of the Risk and Assurance Committee in reviewing risks relating to Cairngorm should be highlighted in the narrative section of the register, although it was acknowledged that there were references to the Committee in the main section. *[Sentence removed in the interests of the effective conduct of public affairs]*.

The Board welcomed the report and the continued focus of the whole organisation on the corporate risks.

Anne-Marie Martin left the meeting.

4.5 Risk appetite statements

The Director of BIIA presented updated risk appetite statements, noting that these had been refreshed extensively in light of changes affecting HIE's operating environment and previously reviewed by HIE's Leadership Team and the Risk and Assurance Committee.

A distinction was noted between the approach to negative reserve in the capital and revenue budgets, with the risk appetite for capital classed as 'hungry' while for revenue it was 'cautious'. The Director of Finance and Corporate Services explained this reflected HIE's desire to maintain the revenue budget at a steady pace throughout the year, whereas capital should be over-committed to address the risk of

slippage. The Board questioned why a reference to sectoral focus had been removed and it was agreed this would be reviewed.

On the subject of non-financial support, the Board endorsed the principle of HIE focusing on this, but advised that good communications were required to mitigate any risk that HIE could come to be viewed as a signpost to assistance from other sources, when it should continue to be perceived as a key organisation directly delivering economic development across the region.

The Board welcomed the refreshed risk appetite statements, noting their value in supporting effective decision-making concerning prioritisation and use of resources, and agreed that they should be reviewed annually.

James Laraway left the meeting.

4.6 Verbal update of Risk and Assurance Committee meeting, 4 June 2024 RESTRICTED

Angus Campbell, as Chair of the HIE Risk and Assurance Committee (RAC), provided a verbal summary of matters discussed at the most recent meeting, held on 4 June 2024.

[Paragraph removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].

4.7 Risk and Assurance Committee annual report 2023/24

The Committee Chair presented the 2023/24 annual report of the Risk and Assurance Committee (RAC).

The RAC had held four scheduled meetings during 2023/24 plus a further two additional meetings to consider and finalise the 2022/23 annual report and accounts. Agendas had been aligned with a plan agreed at the start of the year, had covered key risk areas, and provided Board focus on current and emerging issues.

The work of the Committee in year had been comprehensive and should provide positive assurance to the Board in relation to the internal control environment. The Committee expressed satisfaction with the quality of internal and external assurance reports and wider activity within HIE, while noting that there were opportunities to learn lessons to improve transparency. Areas for ongoing consideration in 2024/25 had been identified.

The Chair of HIE expressed the Board's gratitude to all members of the RAC and relevant staff for their hard work and diligence throughout the year, noting that they continued to provide a high level of assurance. He also thanked new Board member Allan Clow, who had accepted an invitation to join the Committee.

5 ITEMS FOR INFORMATION **CUSPAIREAN AIRSON FIOSRACHADH**

5.1 Performance update Q1 2024/25

The Board noted HIE's performance update for the first quarter of the current financial year.

5.2 HIE publication scheme quarterly approvals January – March 2024

HIE's quarterly approvals report was noted and will be published online following the UK General Election on 4 July 2024.

5.3 Best Value annual report 2023/24

The Board welcomed HIE's Best Value annual report 2023/24, which had been prepared to provide a summary of the organisation's position at 31 March 2024 in delivering its Best Value plan. The report had been discussed at the most recent meeting of the Risk and Assurance Committee.

It was agreed that, in reporting efficiency improvements, future reports would seek to quantify financial savings that had been generated. In response to a question on HIE's approach to loan funding, it was agreed to share a link to a recent internal webinar on how the organisation uses different funding support mechanisms to address individual circumstances.

5.4 Any other business

The Chair led the Board in paying tribute to Deputy Chief Executive Carroll Buxton, who was retiring after 32 years of public service with HIE. The Board recognised the outstanding contribution Ms Buxton had made to the organisation and to the economy of the Highlands and Islands, including stepping up on two occasions to take on the role of Interim Chief Executive. Her commitment and performance had been exemplary and were greatly appreciated.

There was no other business.

5.3 Forthcoming meeting dates

- 27 August – HIE Board
- 17 September, Risk and Assurance Committee

Chris Roberts
Head of Communications
25 June 2024