

BOARD MINUTE

25 NOVEMBER 2025

Highlands and Islands Enterprise

APPROVED



BOARD MEETING
COINNEAMH BÙIRD

MINUTE OF THE MEETING HELD ONLINE ON TUESDAY 25 NOVEMBER 2025, STARTING AT 11:00 AM

PRESENT

Angus Campbell (*Chair*)
Stuart Black (*Chief Executive*)
Allan Clow
Melanie Collett
Freda Newton
Keith Nicholson
Calum Ross
Anna Salgado
David Wilson

IN ATTENDANCE

Mary Bowman Shadow Board member
Rachel Hunter Director of Enterprise and Community Support
Martin Johnson Director of Strategy and Regional Economy
Karen Moncrieff Director of Human Resources
David Oxley Director of Strategic Projects
Joanna Peteranna Director of Area Operations
Lorna Gregson-MacLeod Head of Planning and Partnerships, items 1.1 – 1.3
Janie Sheridan Head of Business Transformation, items 1.1 – 1.3
[Name redacted for data protection] Senior Analyst, items 1.1 – 1.3
[Name redacted for data protection] Corporate Planner, items 1.1 – 1.3
Helen Herd Head of Human Resources, item 1.4
Chris Roberts Head of Communications
Andrew Carton Team Leader (HIE), Enterprise Agency Sponsorship, Scottish Government

1.1 Welcome, apologies and conflicts of interest

The Chair welcomed everyone to the meeting. Apologies had been received from Board members Simon Cotton and Ailsa Raeburn.

Although Ailsa Raeburn was not present, it was noted that she had declared in interest in item 1.5 due to her role as Chair of the Isle of Eigg Trust.

Joanna Peteranna declared a related party interest in item 1.5, however it was agreed that this did not present a conflict and she could remain in the meeting when this item was taken.

Angus Campbell made a transparency statement in relation to item 1.5, noting that he is the current Chair of the Ferries Community Board.

1.2 Half-year performance review 2025/26

The Head of Planning and Partnerships presented HIE's half-year performance review, which showed a significant breadth and volume of activity to deliver against all four pillars of the HIE Strategy, as well as key outcomes and Operating Plan commitments.

Overall, the agency had approved £86m of investment, compared to £33.1m at the midpoint of the previous financial year. £63.8m of this had been awarded to offshore wind projects, with HIE having attracted significant additional funding through the Scottish Government's Offshore Wind Investment Programme (OWIP). When OWIP funding was excluded, 39% of HIE investment in-year to date had gone to Inclusive Growth Focus Areas, which was above the level of population share (33%).

A total of 300 third party projects had been awarded financial assistance, compared with 242 at the same time last year, while HIE's own-hand investments were dominated by small business units in Golspie and property factoring. The geographical spread of investment was relatively good across the region, however most of the advanced pipeline that would contribute to targets was in the Inner Moray Firth and there was a need to stimulate greater investment in Orkney and Shetland, and Argyll and the Islands. In respect of this last point, the Chief Executive informed the Board that additional resource was being considered.

While some measures remained challenging, others were running ahead of target and it was recommended that these should be reviewed, in line with advice from Audit Scotland. The Planning and Partnerships team was also recommending a review of productivity measurement to achieve greater accuracy. It was noted that the contribution of non-financial interventions was increasing and would play a pivotal role in meeting remaining targets.

Board members asked whether HIE's productivity calculations took cost inflation into account and it was agreed that opportunities to do this would be explored. The potential to support clients to increase productivity by decreasing input costs would also be examined.

Another question concerned the volume of investment in offshore wind and whether there was a risk that focus on this sector could lead to other areas of opportunity receiving less attention. In response, staff observed that offshore wind played an important role in a small number of targets and the majority of outcomes were being achieved through other investments. It was also noted that the staff resource for offshore wind was distributed among a variety of teams across the organisation and presented development opportunities for employees.

The Board emphasised the importance of HIE continuing to seek an appropriate balance between large and small investments and to stimulate and pursue opportunities across every part of the Highlands and Islands. In response to a question, it was confirmed that, although a currently vacant development manager post in Benbecula was being reviewed, HIE intended to recruit. It was also noted that a paper on HIE's approach to community wealth building was due to be delivered to the Board in February 2026.

As recommended in the paper, the Board agreed that HIE should enable and prioritise projects that would create and safeguard jobs, community interventions that contribute to targets, and investments in Orkney and Shetland, and Argyll and the Islands. Targets would be amended for 'capital asset investment' and 'external investment secured' including green and Inclusive Growth Focus Area subsets. It was also agreed that productivity and innovation support measures would be reviewed, with recommendations brought forward for the year-end, and interventions aligned carefully with HIE's fair and inclusive growth policies.

The Board thanked the Head of Planning and Partnerships and her team for an informative report.

1.3 Best Value half-year report 2025/26

The Head of Business Transformation presented HIE's Best Value half-year report detailing progress in delivering HIE's commitment to continuous improvement, financial efficiency, digital transformation and strategic collaboration up to 30 September 2025. The current plan had been updated to reflect changes in organisational priorities and wider Business Support Partnership and Public Service Reform agendas.

Significant progress had been achieved in most areas, with efficiency measures having delivered savings of £2.3m in-year to date and overall performance trending towards meeting targets by the year-end. Notably, 94% of applications to HIE and 95% of claims were now being made through the client portal.

The report observed that figures for client engagement were below expectation, however recent enhancements to the MyHIE system would enable client plans to be progressed.

A new 10-day target for responding to enquiries had been introduced, in addition to the partner-agreed target of two working days. Ten days was considered a more realistic timescale and 79% of responses had achieved this, just short of the 80-90% target. The partner-agreed target also remained in place at present.

Other areas of focus throughout the year included rollout of Copilot, Microsoft's AI assistant; development of IS strategy, *[part of sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity]*. The Business Transformation team had worked with HIE's internal Financial Efficiency and Savings group to develop a more mature methodology to capture cost savings, efficiencies and other income. A series of project appraisal and due diligence webinars was also being delivered to staff across the organisation.

In discussion, it was noted that HIE, Scottish Enterprise, South of Scotland Enterprise and Skills Development Scotland each took a different approach to Best Value but the Board were assured that the agencies were continuing to share approaches and learn from one another. In response to a question on staff resource, the Head of Planning and Partnership explained that capacity in the team had been reduced slightly, but steps had been identified to address this.

The Board were interested in HIE's approach to adopting Copilot, observing that greater use of AI represented a cultural shift for many organisations that would be a critical area of focus going forward. The Head of Business Transformation agreed and noted the importance of combining regular knowledge sharing sessions for staff using Copilot, alongside specialist IS input to help HIE keep pace with developments.

The Board thanked the Head of Business Transformation and welcomed the half-year review.

Lorna Gregson-MacLeod, Janie Sheridan, [Name redacted for data protection] and [Name redacted for data protection] left the meeting.

1.4 HIE's approach to succession planning

Helen Herd joined the meeting.

The Director of Human Resources and the Head of Human Resources delivered a brief presentation to inform Board members of the approach HIE was taking to succession planning, in line with priorities outlined in HIE's Our People strategy.

The organisation's headcount had reduced by 11% over the past five years to around 245 full-time equivalent posts and the presentation showed a demographic breakdown of employment by directorate, age and gender. Progress had been made towards achieving an improved age balance, however this was a lengthy journey and HIE currently had an ageing workforce overall. Just under half of HIE employees (47%) worked flexibly compressed hours or part-time, a pattern that had increased since the Covid-19 pandemic.

HIE had set up a new workforce planning forum in 2022 and this had played a role in generating efficiencies and managing the salaries budget as well as identifying ways in which the staff resource could best be deployed to meet the organisation's priorities and objectives.

As a relatively small organisation covering a large geographical area, HIE took a flexible approach to succession planning, enabling it to be flexible, iterative, or tactical to suit specific circumstances. A range of complementary initiatives included steps to identify a future talent pool, promote the youth agenda, support mentoring, develop line management and a leadership toolkit, access professional training and further education, and focus on effective performance management.

The Board endorsed the approach being taken and emphasised the importance of HIE taking action to retain good employees in an increasingly competitive environment.

Helen Herd left the meeting

Calum Ross left the meeting.

1.5 Project amendment: Islands Business Resilience Fund

Keith Nicholson and Mary Bowman left the meeting.

The Director of Enterprise and Community Support presented a paper seeking Board approval of a request from Scottish Government Ministers for HIE to deliver a second round of the Islands Business Resilience Fund (IBRF).

HIE had administered the original fund on behalf of the government earlier in 2025 to support businesses and organisations in certain islands and sectors that had been affected by disruption to ferry services. *[Sentence removed in the interests of the effective conduct of public affairs]*. Subject to ministerial approval and HIE agreeing to deliver the fund, it was expected that all awards paid out within the current financial year.

A provisional list of islands within the the second round had been prepared and would be confirmed by the Scottish Government following consultation events that were due to take place on 25 and 27 November and completion of island impact assessments. An Accountable Officer template would be required and was close to being approved.

During discussion, the Director confirmed that HIE expected awards would be made using the same banding that had been applied in the first round, but this could be reviewed according to demand. It was also noted that HIE would receive a management fee to pay for the additional staffing resource that would be required.

The Board approved the recommendation that HIE should deliver the second round of the Islands Business Resilience Fund, subject to signoff of the Accountable Officer template, confirmation of the islands to be included and receipt of budget transfer from the Scottish Government.

1.6 Any other business

There was no other business and the meeting ended.

Chris Roberts
Head of Communications
25 November 2025