

BOARD MINUTE

28 OCTOBER 2025

Highlands and Islands Enterprise

APPROVED



BOARD MEETING
COINNEAMH BÙIRD

**MINUTE OF THE HIE BOARD MEETING HELD ON TUESDAY 28 OCTOBER 2025, STARTING AT 08:30
IN AN LÒCHRAN, INVERNESS CAMPUS**

PRESENT (INVERNESS) Angus Campbell (*Interim Chair*)
Stuart Black (*Chief Executive*)
Allan Clow
Melanie Collett
Simon Cotton
Freda Newton
Ailsa Raeburn
Calum Ross
Anna Salgado
David Wilson

PRESENT (ONLINE) Keith Nicholson

IN ATTENDANCE (INVERNESS)

Mary Bowman Shadow Board member
Sandra Dunbar Director of Corporate Services
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
Chris Roberts Head of Communications
Andrew Carton Team Leader (HIE), Enterprise Agency Sponsorship, Scottish Government
Alastair Nicolson Area Manager, Lochaber, Skye and Wester Ross, item 2.2
Charlie Lawrence Head of Property and Infrastructure, item 2.1
Elaine Jamieson Head of Life Sciences and Blue Economy, item 3.2
Lorna Gregson-MacLeod Head of Planning and Partnerships, item 3.3
Elaine Hanton Cairngorm Project Lead, item 3.4
Peter Dennis Project Manager, Cairngorm, item 3.4
Peter Guthrie Head of Space, item 3.5
[Name redacted for data protection] Management Accountant, item 4.2
[Name redacted for data protection] Business Improvement Manager, item 4.3

IN ATTENDANCE (ONLINE)

Anne-Marie Martin Deputy Director, Regional Economic Development, Scottish Government
[Name redacted for data protection] Head of Enterprise Support – Innse Gall, item 2.1
[Name redacted for data protection] Head of Business Growth – Lochaber, Skye and Wester Ross, item 2.2
Graeme Harrison Head of Marine Energy, item 2.3

1 STANDING ITEMS CUSPAIREAN COTHROMACH

1.1 Welcome and apologies

The Interim Chair welcomed everyone to the meeting. There were no apologies.

The Board offered congratulations to Mr Campbell following the Deputy First Minister's announcement of his appointment as Chair of HIE for a three-year term from 1 November 2025.

1.2 Declarations of interest

David Oxley declared an interest as a director of Wave Energy Scotland, which was the subject of item 2.3. It was agreed that he could stay in the meeting during discussion of this matter but would leave when it was time for the Board to make a decision.

The following transparency statements were given:

Item	Board member	Transparency statement
1.5	Freda Newton	Business relationship with Cobbs Group, noting the Chief Executive had met the company in September
2.3	David Wilson	Family relationship with Scottish Government employee
3.2	Ailsa Raeburn	Interest in the blue economy as board member of Crown Estate Scotland
3.2	Anna Salgado	Interest in the life sciences sector as director of Lifescan Scotland

1.3 Draft minute of the Board meeting held on 26 August 2025

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

1.4 Matters arising from the minutes and action grid

The Chief Executive confirmed that SGL was continuing to progress a redundancy programme affecting a proportion of the company's employees in Muir of Ord.

HIE had agreed to provide just under £1m funding as part of a package to *[part of sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity]* renewable energy company Orbital Marine *[part of sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity]*. The company, which employs staff in Orkney and Edinburgh, had also been successful in attracting equity funding from Scottish Enterprise as well as private investment.

1.5 Chair and Chief Executive's update

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

- **Legal matters**

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

- **Scottish Government defence policy**

The First Minister had announced that the Scottish Government and enterprise agencies would pause the awarding of new business grants, investment and wider support to companies involved in the design, production, supply or support of military equipment, technologies and services to Israel and Myanmar.

HIE was working with the government and partner agencies on the practical implications and would require companies to declare any activity that fell within the scope of the new policy.

- **Islands Business Resilience Fund**

The Director of Enterprise and Community Support reported that 253 applications had been received before the fund closed on 15 September, *[part of sentence removed in the interests of the effective conduct of public affairs]*. *[Sentences removed in the interests of the effective conduct of public affairs]*.

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

- **HIE grant programmes**

The Director of Enterprise and Community Support updated the Board on a range of grant programmes that were currently under way or planned for delivery.

Seven projects had been approved for the **Green Grant Fund**, representing spend of more than £500k, with a similar amount in the pipeline for the current financial year. A further £1m of expenditure was in the pipeline for 2026/27. Timescales of some projects had been affected by the need to obtain planning permission, but overall progress was satisfactory.

Following a marketing push, the **Young Company Capital Grant Programme** was achieving a good spread of interest across the Highlands and Islands with 13 projects approved and a further six in the pipeline. The programme was also bringing in new clients.

In partnership with NatureScot, HIE was set to launch a pilot £350k **Peatland Restoration Fund** to support organisations across the Highlands and Islands to invest in equipment enabling them to take advantage of peatland restoration opportunities. Grants of up to £25k would be available. In discussion, it was confirmed that communities as well as businesses would be eligible to apply. All funding would be contributed by HIE with NatureScot's contribution focused on the provision of advice and expertise.

The Scottish Government had asked HIE to deliver **Pathways to Start**, a pilot programme to encourage under-represented groups to develop business skills. Operating in Moray and Argyll and Bute, the pilot had to be delivered by 31 March 2026. HIE had received £825k revenue funding from the government, which included a management fee. Contractors had been procured.

HIE would also be delivering a pilot £135k **Small Producers' Fund**, having received another request from the Scottish Government. This would enable small producers in the agriculture sector to invest in capital equipment and animal welfare. Eligibility criteria were currently being developed and it was not clear whether the fund would apply to crofters. This programme would also be delivered by 31 March 2026 and funding again included a management fee.

The Board welcomed the additional funding that the Scottish Government pilot programmes would bring to the region, while acknowledging that these also brought risks and resource challenges for HIE. In response to a question on delivery timescales, the Director of Enterprise and Community Support acknowledged that these were tight but expressed confidence that HIE staff and contractors would be able to meet the deadlines.

- **Arnish**

The Director of Area Operations confirmed that HIE, Stornoway Port Authority and the Stornoway Trust were close to finalising legal agreements regarding the planned Arnish Road upgrade and an announcement was being prepared to coincide with a visit by the Deputy First Minister next week. Progress was also being made with design and consenting in relation to the broader Arnish strategy. Details would be presented at a future Board meeting.

- **Offshore wind**

Mary Bowman left the meeting.

The Director of Strategic Projects referred to recent media coverage of Chinese company Ming Yang's interest in making a potential £1.5bn investment to establish a wind turbine manufacturing facility at Ardersier in the Inner Moray Firth. It was understood that the UK Government was currently reviewing national security aspects that would have to be addressed before any progress could be made. If the project were to go ahead, around 2,000 direct jobs could be created.

- **Machrihanish**

Tenders had been received for the demolition of two very large buildings (A and C) and these were currently being evaluated. The Director of Corporate Services reminded the Board that HIE had applied successfully to the Scottish Government for Invest to Save funding for this project and noted that the outcome of the procurement exercise would determine whether the agency would accept or decline this funding.

- **MacMillan Spirits**

Mary Bowman rejoined the meeting.

The Director of Area Operations reported that MacMillan Spirits, based in Benbecula, had secured £1.5m from the Investment Fund for Scotland, which is managed by Maven Capital Partners and delivered by the British Business Bank. *[Sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity]*. In discussion, the Chief Executive welcomed additional investment coming into the region through the UK Government.

- **Scottish Government / policy update**

The Director of Strategy and Regional Economy reported that HIE had received the Scottish Government's National Islands Plan during the previous week and was preparing a response.

- **Organisational development**

The Director of HR reported that HIE's two-year pay deal had been approved by the Scottish Government. Union negotiations would now follow and it was hoped that the new deal would take effect from November's payroll. A meeting of the Remuneration Committee had been arranged for 10 November to decide on directors' pay.

Recruitment of a new Chair and board members for Cairngorm Mountain (Scotland) Ltd (CMSL) had resulted in a strong set of applications. Interviews were scheduled for 10 and 11 November.

- **Scottish Parliament committees**

The Chief Executive confirmed that HIE's appearances at two Scottish Parliament committees on 17 September had gone ahead as planned. The Public Audit Committee was reviewing the Cairngorm funicular and HIE had attended with CMSL. The Committee had accepted HIE's invitation to visit Cairngorm as part of its review to hold further talks with HIE and CMSL and meet stakeholders. This was being arranged for 17 and 18 November.

The Economy and Fair Work Committee meeting had taken evidence from HIE and South of Scotland Enterprise as part of its pre-budget scrutiny. The majority of questions during the session had focused on targets, however the HIE Chief Executive had highlighted the agency's work in supporting communities and small businesses and the challenges presented by reductions to HIE's budget, particularly revenue.

- **Chair and Chief Executive engagement**

The Interim Chair had been engaging with leaders and chief executives of local authorities around the region in advance of the upcoming meeting of the Convention of the Highlands and Islands, due to be held

in Arran on 3 November. Establishing positive working relationships with partner organisations would be a priority in his new role as Chair.

In response to a question, the Chief Executive agreed that HIE staff would explore opportunities for potential involvement in next year's Commonwealth Games, which would be held in Glasgow.

2 DECISIONS CO-DHÙNAIDHEAN

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

2.2 Kishorn Port Ltd

Alastair Nicolson and [Name redacted for data protection] joined the meeting.

The Area Manager and the Head of Business Growth – Lochaber, Skye and Wester Ross presented a project amendment paper requesting the Board's approval to increase HIE support to Kishorn Port Ltd (KPL) for design work associated with part of a major upgrade and expansion project.

The Board had granted approval in principle for this project in February 2025 and formal approval had subsequently been agreed by the Chair and Chief Executive in May under delegated authority. Funding for HIE's contribution had been secured from the Scottish Government's Offshore Wind Investment Programme (OWIP). The amendment concerned HIE's support for phase 1B, which involved design work for a logistics quay. A further £394,000 was requested, which would increase HIE's total contribution towards this phase to £846,000.

Following industry feedback and discussions with potential investors, KPL had concluded that the length of the logistics quay needed to be increased from 120m to 150m to enable berthing for vessels up to 250m in length. Investigation work was required, as part of which five further boreholes would need to be drilled in the seabed and the client was seeking additional funding from HIE towards the extra costs associated with this work.

The Area Manager indicated that the Scottish Government was supportive and had allocated additional OWIP funding to cover the amount requested. The Board was asked to provide authority to proceed. In discussion, it was confirmed that KPL's contractor was currently on site and a drilling barge was available. Board approval today would therefore enable the company to progress the additional work swiftly and achieve cost savings.

While the Board endorsed the rationale behind the request, members also requested a further paper to obtain a clear overview of all current and impending HIE activity relating to offshore wind in ports and harbours across the region. It was agreed that this would be prepared and delivered at a future meeting.

The Board approved the request for additional support for phase 1B.

Alastair Nicolson and [Name redacted for data protection] left the meeting.

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

3 UPDATES CUNNTASAN AS ÙR

3.1 Property strategy

Charlie Lawrence joined the meeting.

The Head of Property and Infrastructure presented a paper seeking Board approval for the HIE Property Strategy 2026-29 which was designed to deliver effective property management that would contribute to the achievement of HIE's strategic goals. The property strategy was built around three themes: reprofiling HIE's existing portfolio; strategic properties, and just transition to net zero.

The strategy aimed to improve the financial performance of HIE's commercial property portfolio by having a clear plan to reduce void holding costs and to make the most efficient use of operational offices. Although staff were not seeking additional budget at this stage, it was noted that plans to reduce HIE's commercial portfolio from the current 65 properties to around 40 were expected to affect capital receipts and revenue costs. This aspect would be considered by HIE's Leadership Team later in the year.

The Board welcomed the strategy and discussed several points, including a decision not to include Machrihanish in the list of strategic projects. It was agreed that this would be reviewed. *[Sentence removed in the interests of the effective conduct of public affairs].*

It was noted that vacancy rates were affected by a number of large call centres, several of which were in the process of being repurposed or sold. The rise in home working following the Covid-19 pandemic was another factor that had impacted demand and HIE was currently focused on providing more small business units, in line with current trends in the commercial property market.

Anna Salgado rejoined the meeting.

The Board asked about the potential to increase partnership working and it was confirmed that HIE was looking at collaborative opportunities in both the private and public sectors with a new property management agent that had recently been procured. As a follow-up point, it was noted that HIE intended to carry out more property management and marketing in-house, but that external agents would continue to play an important role, particularly with key strategic premises.

In response to a question on the relationship between property and community wealth building, the Chief Executive highlighted examples including North Yell and Tiree, where HIE grant assistance had enabled community groups to benefit from premises and generate rental income. It was also confirmed that HIE's investment in new premises was delivering benefits for the local construction sector.

The strategy's commitment to net zero was welcomed, although it was recognised that older buildings in HIE's portfolio presented particular challenges. The Board also requested further analysis to demonstrate and explore the role of property in supporting Inclusive Growth Focus Areas.

The property strategy was approved and the Board thanked all staff who had been involved in its preparation.

Charlie Lawrence left the meeting.

3.2 Life sciences and blue economy

Elaine Jamieson joined the meeting

The Head of Life Sciences and Blue Economy provided an in-depth update on current activity and future actions planned in these sectors, covering HIE's role in shaping and influencing national strategy and policy as well as working directly with clients to deliver regional growth.

The Scottish Government and the Life Sciences Industry Leadership Group were due shortly to publish a new strategy to grow sector turnover to £25 billion by 2035, driven by investment in business start and scale ups, innovation, infrastructure and skills, and internationalisation. Collaboration between industry, academia and the public sector would play a central role to cement Scotland's position as a world-leading environment for developing, testing, manufacturing, and commercialising life sciences innovation.

HIE was playing an important role in articulating the life sciences landscape in the Highlands and Islands, and in ensuring that the national strategy and initiatives were aligned with regional objectives to enable the sector to realise its full potential.

The Highlands and Islands had benefited from considerable success in life sciences but had also faced setbacks affecting some ventures. HIE was committed to ensuring that lessons were learned and applied from these experiences to inform future activities and facilitate growth.

The agency was a member of the Life Sciences Industry Leadership Group, a joint industry, enterprise agency and government team providing strategic leadership to develop and deliver the national life sciences strategy and ensure Scotland could offer the best possible environment for growth. HIE was also active in the Scottish Government's Strategic Industry Cluster Group, enabling the agency to contribute to its development, including through reflecting the needs and opportunities of the Highlands and Islands and the importance of driving innovation across both rural and urban areas.

In discussion, the Board endorsed the approach being taken by HIE, noting the importance of the 'triple helix' approach to foster collaboration between industry, academia and the public sector as well as the focus that HIE placed on influencing national policy and strategy to benefit the region. There was agreement that, while innovative ideas and technologies were emerging from the academic sector, opportunities for commercialisation and manufacturing required a stronger support system to enable businesses to start and to scale up. Access to investment was vital to achieve this.

The region's natural capital was recognised as an exceptional asset to develop a thriving life sciences and blue economy and it was planned to present a Board paper focusing on this aspect in spring 2026. The importance of skills was also recognised, as outlined in the recent Withers review. In response to a question on fisheries, the Head of Life Sciences and Blue Economy observed that other organisations had a more prominent role in that sector, but that HIE was interested in certain aspects including the potential to utilise 'secondary yield' that had in the past been regarded as waste.

The Board thanked the Head of Life Sciences and Blue Economy and her team for an informative report and discussion.

Elaine Jamieson left the meeting

3.3 Ten-year retrospective

Lorna Gregson-MacLeod joined the meeting.

The Head of Planning and Partnerships presented a detailed review of HIE investment from 2016 to 2025, focusing on support for communities and employment/average wages.

In a turbulent economic environment, HIE had invested £303m (47%) in third-party projects with a total project cost value of £1.47bn. This investment had supported 10,013 full-time equivalent (FTE) jobs and £281m of net additional wage growth. HIE's approach had balanced support for the most disadvantaged areas with pursuing opportunities for large-scale projects to benefit the wider Highlands and Islands.

The overall pattern demonstrated a strong focus on less densely populated, peripheral, and remote and island locations – notably, Lochaber, Skye and Wester Ross, and the Outer Hebrides – while some large investments had benefited areas such as the Inner Moray Firth and Moray. Average per capita support was consistently higher in Inclusive Growth Focus Areas (IGFAs) than elsewhere.

A marked increase in islands investment was evident midway through the period, reflecting HIE's emphasis at that time to support business resilience in response to external shocks including the Covid-19 pandemic and cost of living increases. Community investment had generally aligned well with HIE's commitment to inclusive growth and strategic priorities.

Sectoral wage growth from HIE investment was notable, though uneven. Despite overall growth, the average wages of jobs supported in most sectors remained below the Scottish benchmark, reflecting a sustained disparity. An exception was in the tourism sector, where wages in HIE-supported jobs had increased by 50% and currently sat above the Scottish average.

Part-time employment, prevalent in social enterprises and customer-facing roles, was associated with lower wages and limited progression. The situation was particularly acute in Lochaber, Skye and Wester Ross, where 71% of employment was in food and drink and tourism, and many people undertook multiple part-time roles.

HIE's current five-year strategy had launched in 2023 and investment in the two years since then had aligned well with strategic objectives and key outcomes. It was recommended that HIE should carry out a more focused analysis on the current strategic framework during 2026, including a review of own-hand investment in property and subsidiaries.

The review concluded that HIE should continue to prioritise investments with the potential to diversify the economy, raise wages and attract and retain talent in disadvantaged and remote areas, while also prioritising significant opportunities to drive regional impact from investments in areas such as the Inner Moray Firth and Moray. The agency should also increase geographic targeting to the most disadvantaged communities and look to strengthen mechanisms to ensure that community investments consistently deliver benefits, especially in combining asset acquisition with revenue generation.

Interventions should aim to reduce wage gaps and improve opportunities for higher-skilled, full-time employment and HIE should continue to evolve and implement its measurement and best value approaches, with high quality data enabling assessment of the agency's contribution and effectiveness while supporting continuous improvement.

The Board strongly welcomed the review which prompted discussion on a range of subjects. Asked about the impact of minimum wage and real living wage levels, the Head of Planning and Partnerships acknowledged that this had not been covered in the review but observed that regional variance appeared unlikely as these measures had been implemented across the whole country. In response to another question, it was noted that the review's findings would be used to inform a range of presentations delivered by HIE, including parliamentary inquiries.

Comparisons between the Highlands and Islands and other regions internationally had been made more difficult following the UK's exit from the European Union, but there could be opportunities to examine contrasts and similarities with Nordic and other sparsely populated areas.

The Board thanked the Planning and Partnerships team for an excellent report with a great deal of valuable, qualitative information.

Lorna Gregson-MacLeod left the meeting.

3.4 Cairngorm

Elaine Hanton and Peter Dennis joined the meeting.

The Cairngorm project team 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].

With a new Chief Executive in post since mid-June, operating company Cairngorm Mountain (Scotland) Ltd (CMSL) was performing well, with income improving, customer numbers rising and losses lower than expected. Recruitment for a new Chair and two new board members of CMSL had closed with a strong field of applicants attracted to the positions.

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

The Board thanked the team for the update and their continuing work on this challenging project.

Elaine Hanton and Peter Dennis left the meeting.

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

4 RESOURCES AND GOVERNANCE **GOIREASAN IS RIAGHLACHAS**

4.1 Financial statement

[Name redacted for data protection] joined the meeting.

The Director of Corporate Services and the Management Accountant presented HIE's financial statement for the period from 1 April to 30 September 2025.

The capital budget was currently £8.25m over-committed, representing a commitment level of 112%, which was considered healthy and within the risk appetite ceiling of 140%.

Capital spend to date stood at 27.9% of budget, representing an improvement when compared with the position at the same time last year (16.4%). The Board noted that, if additional budget and spend relating to OWIP projects was removed, then core capital spend was 48.7%, which was a good position midway through the financial year. The negative reserve had declined from £9.2m to £8.8m and a budget review was planned for November.

The revenue budget was £0.42m under-committed and tracking just below straight line with a commitment level of 99%, which was within the risk appetite ceiling of 120%.

[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].

In discussion, staff also acknowledged that HIE's potential to generate income from property sales was dependent on market factors and was therefore subject to a degree of uncertainty.

The Board thanked the Finance team and complimented the quality of reporting.

[Name redacted for data protection] left the meeting.

4.2 Corporate risk register

[Name redacted for data protection] joined the meeting.

The Board welcomed the most recent version of HIE's corporate risk register, which had been refreshed following the Board meeting on 26 August 2025.

[Sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity]. Members also highlighted the large number of risks that had been scored at the maximum level of 25 and suggested that the register could have greater impact with a broader range of scores. It was agreed that staff would review both of these points.

[Name redacted for data protection] left the meeting.

4.3 Draft minute of the Risk and Assurance Committee, 18 September 2025

The Board noted the draft minute of the most recent meeting of HIE’s Risk and Assurance Committee. Draft Committee minutes are routinely presented to the Board for early sight of any emerging issues before being reviewed for approval by the Committee itself.

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

Having recently been appointed as Chair of HIE from 1 November 2025, Angus Campbell confirmed that he was standing down as Chair of the Risk and Assurance Committee. That post would be filled by Allan Clow and David Wilson would join the Committee as a new member.

5 ITEMS FOR INFORMATION **CUSPAIREAN AIRSON FIOSRACHADH**

5.1 Performance update

This Board received an update on HIE’s performance against targets for the period from 1 April to 30 September 2025. A meeting would be held in November to focus on the half-year performance review in depth.

5.2 Approved minute of the Remuneration Committee, 3 October 2024

The Board noted the minute of the Remuneration Committee meeting that had been held on 3 October 2024.

5.3 Any other business

There was no other business.

5.4 Forthcoming meeting dates

The following dates were noted:

19 November 2025	Development session: Information Systems Strategy
25 November 2025	Half-year reporting
06 November 2025	Risk and Assurance Committee
16 December 2025	HIE Board meeting

Chris Roberts
Head of Communications
28 October 2025