



BOARD MEETING
COINNEAMH BÙIRD

**MINUTE OF THE HIE BOARD MEETING HELD ON MONDAY 28 JUNE 2021,
STARTING AT 0900 BY TELECONFERENCE**

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

IN ATTENDANCE:

| | |
|-----------------------|--|
| Carroll Buxton | Deputy Chief Executive |
| 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 |
| Lorna Gregson-MacLeod | Head of Planning and Partnerships, items 2.2 and 2.3 |
| Ruaraidh MacNeil | Director of Business Infrastructure, item 2.9 |
| Graeme Adair | Constructions Frameworks Manager, item 2.9 |
| Alastair Nicolson | Area Manager for Lochaber, Skye and Wester Ross, <i>redacted</i> |
| Vicki Hazley | Co-Innovative Innovation Programme Manager, <i>redacted</i> |
| Elaine Jamieson | Head of Food and Drink, <i>redacted</i> |
| James Gibbs | Area Manager – Inner Moray Firth, <i>redacted</i> |
| Gavin MacKay | Head of Energy Industries, <i>redacted</i> |
| Marie Mackintosh | Subsidy Control Manager, <i>redacted</i> |
| Dave MacLeod | Head of Property and Infrastructure, item 4.2 |
| James Palmer | Project Manager – Construction, item 4.2 |
| Audrey MacIver | Director of Energy and Low Carbon, item 4.3 |
| Nicholas Sobey | Senior Policy Manager, Transport, item 4.6 |

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

1.1 **Welcome and apologies**

The Chair opened and welcomed everyone to the meeting noting that it would be the final Board meeting that the Chief Executive would be attending prior to leaving HIE at the end of July. The Chair also welcomed the Head of Enterprise Sponsorship, Scottish Government.

Apologies were received from Paddy Crerar and it was noted that Belinda Oldfield would require to leave the meeting at 3.00pm and Amanda Bryan would require to leave the meeting at 4.00pm.

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, item 4.2. It was agreed that she would be excluded from the current Board consideration and leave the meeting when this item is discussed.
- Rachel Hunter declared a conflict of interest in relation to item 4.5 Space Programme and the associated sub-items. It was agreed that she would leave the meeting when these items are discussed.
- Calum Ross and Freda Newton declared an interest in tourism, noting item 4.4 - Update on Tourism and issues raised at the last Board meeting. This was noted, but considered not to present a conflict which merited leaving the meeting.
- Nick Kenton and David Oxley declared an interest in item 3.3 Wave Energy Scotland EuropeWave project for homologation 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.
- Alistair Dodds declared an interest in relation to item 5.1 Approvals List January – March 2021 noting this detailed an approval for Highland Print Studio of which he is a Board member. This was noted, but considered not to present a conflict.
- Calum Ross declared an interest in relation to item 5.1 Approvals List January – March 2021 noting this detailed an approval for Argyll and the Islands Tourism Cooperative of which he is a co-opted Director. This was noted, but considered not to present a conflict.
- Angus Campbell declared an interest in relation to item 4.6 Ferries Update noting that he is the Chair of the CalMac Community Board. It was agreed that as the paper is largely about informing a strategic/policy position and doesn't include any funding decisions, HIE would benefit from Angus's knowledge and experience, and he could participate in the discussion of this paper.

1.3 **Minute of Board meeting held on 27 April 2021**

The minute of the Board meeting held on 27 April 2021 was approved.

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

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

1.4 Matters arising from the minutes and action grid

Amanda Bryan asked whether the conflict of interest situation raised under item 3.2 Life Sciences Innovation Centre at the previous Board meeting had been considered. The Director of Business Improvement and Internal Audit confirmed that a draft note had been prepared and would be issued to both Amanda Bryan and Angus Campbell.

All other matters arising from the minutes of 27 April 2021 will be covered during the meeting.

There were no matters arising from the minutes of the meetings held for Nigg.

The Board noted that the action grid was very useful, up to date and working well but asked what happened to any outstanding actions following the Board meeting. It was confirmed that any outstanding actions are carried over to the next action grid.

1.5 Chair and Chief Executive update

The Chief Executive provided an update, noting that HIE continues to work with Scottish Government, cross agency and other stakeholders on the COP26 Action Group.

Following procurement, the construction contract for the Life Sciences Innovation Centre on Inverness Campus has been let with Robertson Construction announced as the successful bidder.

Strategy work currently underway includes the Programme for Government; the Scottish Government 10-year Economic Strategy and the refresh of the Enterprise and Skills Strategic Board 3-year strategy, all of which will inform HIE's own 3-year strategy refresh.

The Director of Strategic Projects provided an update on CS Wind, highlighting that HIE continues to engage with legal agents who advise HIE has a strong case if there is a requirement to go to court.

The Director of Finance and Corporate Services provided an update on the VAT situation, reporting on a meeting with HMRC on 3 June 2021. The areas covered during the call were 1) Business; 2) Non Business; 3) Partial Exemption; and 4) Overheads. The Director noted that this should be finalised prior to HIE's final accounts for 2020/21 being completed.

The Director of Business Improvement and Internal Audit provided an update on the Nigg court case, noting that the domestic court case had concluded in HIE's favour, an appeal had been refused and HIE was seeking to recover expenses.

The Chair provided an update on Board appointments, outlining that applications for three extensions were in progress and a further three due in March 2022, with a view to extending by 1-2 years. [*Sentence removed in the interests of the effective conduct of public affairs*]. Work on an updated skills matrix for the Board is moving forward.

The process for the appointment of a new Chief Executive is also moving forward with the appointment of an executive search company to work with HIE.

A first meeting with the new Cabinet Secretary for Finance and the Economy, Ms Forbes and the new Minister for Business, Trade, Tourism and Enterprise, Mr McKee took place on 22 June 2021. As this was the first meeting, it was held jointly with Scottish Enterprise and South of Scotland Enterprise, involving

the Chairs and Chief Executives of each agency. Future meetings will be on a one-to-one basis with each agency. It was noted that the Cabinet Secretary placed emphasis on actions and implementation.

A meeting also took place on the same day with the Cabinet Secretary for Rural Affairs and Islands, Ms Gougeon where the discussion included housing, transport and ferries. The Cabinet Secretary noted that she was keen to stay in contact.

A briefing session took place with Highlands and Islands MPs and MSPs on 18 June with a well-received presentation made by the Chief Executive and the Head of Planning and Partnerships. Questions were raised regarding ferries and housing.

Further virtual Board engagement events had taken place, focusing on Shetland and Caithness and Sutherland, where the feedback noted the impressive response from HIE on the various Covid funds. Notes of these events will be issued to the Board.

A structured meeting of the Cairngorm Advisory Group had taken place where items discussed included the masterplan. The next meeting will take place at the end of August.

A meeting of the Highlands and Islands leaders group had taken place. It was agreed to continue to work together but there was further work required to justify the need for a regional economic partnership. Work will continue on the Terms of Reference for such a partnership.

The Chair had made a productive visit to meet with Dorothy Pritchard, Chair of Melness Crofters Estate and to see the site for the proposed Spaceport.

| |
|--|
| 2 RESOURCES AND GOVERNANCE GOIREASAN IS RIAGHLACHAS |
|--|

2.1 Financial statement

The Director of Finance and Corporate Services presented a report on the Financial Statement to 31 May 2021, with the key points to consider being commitment and spend.

HIE staff remain comfortable with the overall level of commitment at this stage in the financial year, with approved capital sitting at around £11.1m over-committed. This splits into a negative reserve of £7.8m and over-commitments on individual budgets of around £3.3m. It is expected that individual budget holders deal with their over-commitments. Within this £3.3m there is a holding figure relating to a potential pressure emerging on the funicular repair project. This is not yet a formal revised forecast and is still under active review and will need to be managed.

Spend for the first two months is sitting at around £2m against a straight line profile of £7.8m. This is a slow start but understandable in view of the amount of capital moved in the final quarter of last year.

Overall approved revenue is sitting at £4.2m under-committed of which £3m represents the one-off Covid consequential funding. The revenue negative reserve has also increased slightly from £0.33m to £0.49m but given the commitment levels there is no concern with this at present. Revenue spend to date is £4m against a straight line profile of £6.5m, behind the 2019 position, which was closer to straight line.

Financial Transactions (FTs) are a relatively new funding stream. We are focused on maximising their potential this year by utilising the full £2.6m available and are starting to see some evidence of a change of approach regarding consideration of loans rather than grants.

The Board asked a question in relation to entrepreneurship and leadership and why there was no budget when there was a need to support businesses with entrepreneurial flair. The Chief Executive explained that this subject was under review as part of the account management journey and that previous programmes were continuing to be run during the current year.

The Board noted the paper.

2.2 Performance update

Lorna Gregson-MacLeod joined the meeting.

The Head of Planning and Partnerships provided a short update on progress against targets to date for 2021-22. The key points to note are 1) the update against key measures targets published in the Operating Plan; 2) The good outcomes to date for fragile area job creation, particularly in the Innes Gall area; 3) The average salary is higher than at the end of 2020/21 with higher value jobs being supported; and 4) Turnover is slightly lower at this point compared to previous years which is to be expected given the economic context.

The Board noted the update highlighting the value of targets as a means of achieving economic development outcomes, but not an end in themselves.

2.3 End-year review 2020/21

The Head of Planning and Partnerships presented the year-end review which seeks to provide a balanced view of organisational performance in 2021 covering both HIE's response to COVID-19 and wider operational activity.

In 2020/21, the UK's departure from the European Union and the economic crisis triggered by COVID-19 posed an enormous risk to businesses and communities across the Highlands and Islands. HIE responded rapidly to support clients and wider communities. Early actions included 1) Engagement with businesses, communities and public sector partners to gather data and intelligence; 2) Active participation in COVID-19 response groups; 3) Promotion and implementation of Community and Business Resilience Funds; 4) Development of local resilience plans and sectoral responses; and 5) Adapting products and services and delivering quickly using digital platforms.

HIE worked closely with Scottish Government, enterprise and skills agency partners, local authorities and industry organisations to develop local, regional and national responses. HIE had a key role in the funds announced by the Scottish Government, through either direct delivery or other support.

The development of the Find Business Support portal, which had launched in January 2021, proved to be extremely valuable for shared communications and a consistent and clear entry point for customers looking for support across the enterprise and skills environment.

Throughout the year, partners reviewed projects and sought to learn lessons and inform the design and delivery of subsequent funds. The enterprise and skills partners intend to continue this dialogue to inform future delivery processes and models to ensure the economic development needs of Scotland are met.

HIE received an additional £16.6m of budget from Scottish Government which together with repurposed GIA, allowed us to extend our reach to support resilience and recovery across the region. HIE approved £22.56m towards grant schemes in addition to the £25.0m of Pivotal Enterprise Resilience Fund and Tourism and Hospitality Hardship funds awarded and paid to organisations in the region by others.

The Board noted the comprehensive report and the outstanding effort which contributed to the list of achievements that will feed into the annual report and accounts. The need for a separate section for partnership and collaboration in the report was noted. The Board were also keen for the list of achievements to be summarised for public distribution following the signoff of the annual accounts. An information paper and a Board workshop on the Performance Framework will be held at the end of November 2021.

Lorna Gregson-MacLeod left the meeting.

2.4 Minute of the Risk and Assurance Committee held on 1 June 2021

The Chair of the Risk and Assurance Committee (RAC) reported on matters discussed at the meeting held on 1 June 2021, noting that it was a full meeting with 26 items covered.

The papers discussed covered three areas, 1) Current and Emerging Issues, 2) Accounts Related and 3) Planned Activity.

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

Under Accounts Related, it was noted that production of the annual accounts was proceeding against a challenging timetable. The Audit Scotland management report had concluded that controls were operating as expected.

Under Planned Activity, papers discussed included subsidy control, write-offs and the risk register. *[Sentences removed in the interests of the effective conduct of public affairs].*

The RAC Chair thanked the Director for the work that has gone into reviewing and responding to the allegations and for the professional way in which this has been handled.

The Board Chair thanked the Committee for the assurance that they provide to the Board.

2.5 Minute of the Remuneration Committee held on 17 June 2021

In the absence of the Chair of the Remuneration Committee, the Chair of HIE as a member of the Remuneration Committee provided a brief update. The purpose of the meeting was to discuss the pay award proposed by HIE for the Chief Executive and Directors. The Chair confirmed that performance appraisals had been completed for the Chief Executive and Directors which is a requirement prior to the implementation of any pay award and that the pay award was in line with pay policy guidance from the Scottish Government. The Committee approved the recommendation to implement the pay award.

2.6 Annual report from the Risk and Assurance Committee

The Chair of the Risk and Assurance Committee and the Director of Business Improvement and Internal Audit provided a brief overview of the paper which provides a summary of the Risk and Assurance Committee's activity in-year and an opinion on the internal control environment.

The Committee met as planned five times during 2020/21. Items discussed were aligned to the agreed plan and covered key risk areas. The Committee was content with the quality of internal and external assurance reports, although opportunities to improve transparency were noted in some areas. Areas for ongoing consideration in 2021/22 were also identified.

The work of the Committee in-year has been comprehensive and should provide positive assurance for the Board in relation to the HIE internal control environment.

The Board noted the comprehensive report and agreed that it provided positive assurance to the Board, and thanked the Committee.

2.7 Risk register

The Director of Business Improvement and Internal Audit presented the updated risk register at June 2021, highlighting new and amended risks and the movement of scores over time. These included the increase to the risk scoring for three risks, two relating to Cairngorm – project delivery and failure to maximise regional benefits – and one related to Cairngorm Mountain – stakeholder engagement, communication and information management. Three corporate risks have been added, Impact of Covid on the tourism sector, *[Sentence removed in the interests of the effective conduct of public affairs]*. One risk has been removed from the register relating to Shetland FM.

The risk process has also been updated to include earlier assessment of a risk.

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

2.8 Risk appetite

The Director of Business Improvement and Internal Audit presented updated Risk Appetite Statements for HIE highlighting the proposed changes to ensure that HIE's delivery approach remains fit for purpose given budget capacity, increasing demands on resources, the new Operating Plan with refreshed priorities and changes in the external support environment.

To support changes in the delivery environment, a number of guidance documents have been updated, including 1) Resource Prioritisation Approach, 2) Intervention Framework and 3) Risk Appetite Statements. These documents support an increased focus on strategic alignment, opportunity cost resource choices, risk consideration and appropriate consideration of intervention type at the earliest stage of due diligence. These documents have been aligned to the updated Initial Strategic Assessment document and associated guidance.

The Board endorsed the approach and asked how successful this had been in terms of awareness and using in practice. The Director confirmed that it had been used to move forward Covid funding and the Investment Committee being a practical place for implementation and consistency. The Chief Executive also noted that the process had been brought to life due to events in the past year which let staff see how to use this in reality. The Board were also interested to know how different classifications were used and if these were reviewed at any point in time in application. The Director noted the comment and agreed the need to review.

2.9 Property strategy

Ruaraidh MacNeil and Graeme Adair joined the meeting.

The Director of Business Infrastructure and the Construction Frameworks Manager presented the new HIE Property Strategy. This followed a request from the Board in August 2020 that a new Property Strategy for HIE be developed in support of our ambitions for our region. The draft strategy follows several meetings and workshops in 2020 and early 2021, involving Board and Leadership Team members, and staff from HIE's area and core teams along with engagement with a wide range of external partners.

The region has extensive market failure in terms of property investment for commercial use across almost all locations and in many sectors that are important to our economic prospects. Because of this, over the years HIE has developed an extensive property portfolio across many locations. HIE will continue to invest in support of growth where opportunities arise and where resources allow in line with our Operating Plan priorities. The new Property Strategy has been developed to ensure that future investment is planned in a way that will make the most of business opportunities, is better balanced towards geographical areas in most need, and makes a significant contribution towards the Scottish Government's transition to net zero target.

The Board welcomed the new Property Strategy commenting that it provides a valuable overview and welcomed Area Manager engagement in its design and delivery. Asking if there would be further communications regarding implementation, it was confirmed that the process of ongoing dialogue with Area Teams will start the implementation process.

With office uptake being low, the Board asked if selling office space by the hour or week was an option that could be explored. The Director confirmed that this was already being considered on Dingwall Business Park.

The Board provided their endorsement and approval of the strategy.

Ruaraidh MacNeil and Graeme Adair left the meeting.

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

3.1 Space Hub Sutherland update and project approval

Rachel Hunter left the meeting.

David Howie joined the meeting.

The Director of Strategic Projects updated the Board on a series of complementary workstreams being undertaken to progress Space Hub Sutherland as a launch site for small, commercial satellites on land leased from Melness Crofters Estate (MCE) on the A' Mhoine peninsula.

Decisions on HIE's application to the Scottish Land Court and a judicial review into the Highland Council's August 2020 decision to approve HIE's planning application for the spaceport were both anticipated in August 2021. *[Sentence removed in the interests of the effective conduct of public affairs]*. Ground investigation works had been carried out as planned in May / June, and a full report was expected shortly. In addition, HIE's launch partner, Orbex, had appointed its first Sutherland-based employee.

HIE staff were continuing to carry out due diligence in order to present a full business case for Space Hub Sutherland for the Board to consider later this year. Given the complexity of the project and the significant progress currently being achieved, it was recommended that the former Board sub-group on space be re-established as an advisory body, focusing on progressing due diligence.

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

In discussion, Board members highlighted the importance of paying attention to developments affecting the whole of the UK space sector, including the political environment. It was also noted that the outcome of ground investigations could indicate greater complexity of ground conditions than had been expected.

The current challenge of inflation affecting materials in the UK construction sector was another factor that could lead to further cost escalation.

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

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

In summing up, the Chair laid emphasis on the need to maintain focus on the project's potential to generate substantial economic benefits for the region, including high quality employment in Sutherland and Caithness, and to ensure robust and effective governance was in place.

Approval to re-establish the Board sub-group was granted, with all Board members invited to attend meetings. Terms of reference for the sub-group would be reviewed and agreed at the first meeting. *[Sentence removed in the interests of the effective conduct of public affairs].*

David Howie left the meeting.

Rachel Hunter rejoined the meeting.

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

3.3 Wave Energy Scotland EuropeWave project

The Board approved a request from Wave Energy Scotland (WES) to proceed with procurement of a €19.6m framework to deliver EuropeWave, a competitive joint pre-commercial programme for wave energy technology, based on the WES model.

WES is the project coordinator and lead procurer for the programme, acting on behalf of a buyers' group that includes the Basque Energy Agency (EVE). Funding will be split between WES, EVE and the European Commission. WES's proportion of the total funding package amounted to €3.78m and had been agreed with the Scottish Government. The collaboration is closely aligned with European Green Deal objectives and will help meet the Commission's targets of producing 100MW of ocean energy by 2025, and at least 1GW by 2030.

EuropeWave will focus on the highest priority technology areas to accelerate the development of wave energy by funding research and development to design, develop and demonstrate cost-effective converter systems capable of producing clean electricity in harsh and unpredictable ocean environments. It will also provide a structured approach to foster openness, collaboration and risk-sharing between the public sector and technology developers.

In order to meet project deadlines, including those dictated by seasonal weather conditions, it was noted that the Board had approved this project by email before today's meeting.

4 UPDATES **CUNNTASAN AS ÙR**

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

4.2 Cairngorm

Belinda Oldfield left the meeting, having declared a third-party interest.

*David Oxley left the meeting due to another commitment
Dave MacLeod and James Palmer joined the meeting*

The Director of Communities and Place introduced a paper to update the Board on progress with several related workstreams at Cairngorm, including major engineering works that are underway to strengthen the viaduct for the funicular railway and enable this service to be reinstated.

While the funicular reinstatement works were making good progress, *[Sentences removed in the interests of the effective conduct of public affairs]*.

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

In detailed discussion, Board members recognised that funicular reinstatement was the highest priority within the FBC, but emphasised that other projects that had been approved as high priority investments remained important to the future success of Cairngorm. Staff should consider carefully the potential to reprogramme these priorities, including phasing delivery over a longer time period, rather than excluding them from the programme.

The Board noted that refurbishment of the Ptarmigan facility at the top of the funicular, which all agreed was vital to deliver a high quality customer experience, could potentially be funded through HIE's grant-in-aid budget. It was agreed that this option would be discussed by the Cairngorm sub-group, then brought back to the next Board meeting, along with recommendations on how best to manage pressure on other priority investments and continue to implement the FBC.

In other matters, the Board welcomed publication of the Cairngorm masterplan on 11 June. It was noted that a programme of stakeholder engagement to advance delivery of the masterplan objectives was about to start, including discussion at the next meeting of the new Cairngorm Advisory Group on 26 August.

Tim Hurst, Managing Director of Wave Energy Scotland, had been confirmed as the new HIE appointee to the board of operating company Cairngorm Mountain (Scotland) Ltd (CMSL). Revised key performance indicators had been agreed with CMSL and were included in the Board paper.

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

It was agreed that the Board would receive an update covering legal matters at a future meeting. The Chair thanked the Director and the Cairngorm team for their report.

*Dave MacLeod and James Palmer left the meeting
Belinda Oldfield rejoined the meeting.*

4.3 Progress on key business transformation activity

Audrey MacIver joined the meeting.

HIE staff delivered a presentation describing progress with a range of complementary workstreams to deliver business transformation. Key measures included greater resource being assigned to priority areas such as net zero, energy, tourism and population, the creation of the Service Delivery directorate, and implementation of MyHIE as an online platform to improve productivity and customer service and enable HIE to gather and obtain best value from data.

While the Board welcomed the update, members felt that the subject deserved fuller consideration, with greater opportunity for Board discussion and input. It was agreed that a dedicated session would be arranged for the range of planned activities to be explored in greater depth and to enable Board members to participate fully in shaping business transformation to benefit HIE and its customers.

Audrey Maclver left the meeting.

4.4 Tourism

The Director of Service Delivery presented a paper from the HIE's Head of Tourism, setting out issues currently impacting tourism at national and regional levels, and outlining HIE's guiding strategy and ambitions for the sector, including new and enhanced support for businesses and communities. This update had been requested followed discussion of HIE's plans to support the recovery and future sustainable growth of the tourism sector that had taken place at the April Board meeting.

It was clear that 2021-22 and beyond would remain challenging for the tourism sector, with businesses and communities across the region required to manage uncertainty and respond to the different visitor scenarios. Issues facing the sector include a prolonged absence of overseas visitors and continually changing operating conditions, which would be dependent on the speed and success of COVID-19 vaccine rollout and easing of lockdown and social distancing measures.

Area teams were working with partners to support and deliver tourism planning, management and development locally. At national level, Scotland Outlook 2030 remained the core strategy for tourism in Scotland and HIE was engaged in the work of the Scottish Tourism Emergency Response Group to develop a two-year national recovery plan founded on the recommendations of the Scottish Tourism Taskforce. Proposals had also been submitted for consideration as part of the forthcoming Programme for Government.

Over the medium to long term, tourism will continue to provide a vital contribution to the economy of the region and its communities and HIE will focus on ensuring that the sector is able not only to recover, but also to change and adapt successfully to the new emerging visitor market. Key themes for HIE's engagement with the sector include: transition to net zero; community-led tourism; outdoor and adventure tourism; fair work; graduate placements, and quality. The agency will also work to influence strategic issues affecting the sector, such as transport, accommodation and workforce challenges.

This will mean working with the sector and the communities of Highlands and Islands to retain key tourism assets across the region, develop new visitor experiences and invest in the quality and unique tourism experiences, and set out the distinct contribution Highlands and Islands will make to Scotland Outlook 2030.

The Board welcomed the update, however members emphasised that the scale of the challenge facing the sector remained enormous, with businesses currently focusing on short-term survival before attention can be paid to longer-term investments and ambitions, including net zero. The Chair endorsed this view and encouraged HIE staff to continue to work to influence national strategy to support resilience in the sector.

As a follow-up, it was agreed that staff would provide Board members with a clear and concise summary of current and planned investment to support tourism across the Highlands and Islands.

4.5 Space sector

The Director of Strategic Projects provided an update on various projects to develop the space sector, which is acknowledged as a key opportunity for the region. With Space Hub Sutherland having been the subject of an earlier paper, the update focused on plans to develop satellite launch sites in Shetland, the Outer Hebrides and Argyll.

At national level, industry liaison group, the Scottish Space Leadership Council, is developing a Scottish space strategy, to be delivered in conjunction with the Scottish Government through the newly-formed Scottish Space Group. Scottish Enterprise has identified space as one of seven national programmes and HIE was engaged in its development, with the Director of Strategic Projects designated as national lead for launch.

4.6 Ferries update

Nicholas Sobey joined the meeting.

The Senior Policy Manager, Transport, presented a briefing for Board members on recent major disruption on the ferry network operated by Caledonian MacBrayne (CalMac), highlighting economic impacts affecting tourism, freight and wider business operations and development projects. The briefing also covered investment plans for the next 10 years by Transport Scotland and Caledonian Maritime Assets Ltd (CMAL), which owns the ferries, harbours and infrastructure.

Board members engaged in detailed discussion on this subject, acknowledging that, while HIE had no direct role in ferry services, it could and should seek to influence policy and investment that could have significant impact on island economies and communities. Members expressed the view that greater investment was required to retain and attract population to all of Scotland's islands, especially young people, and to support investment by island-based businesses that play a vital role in Scotland's rural economy.

It was agreed that the briefing paper should be developed into a report that HIE would submit to the Scottish Government, stressing the need for investment and the wider economic benefits that depend on efficient and modern ferry services with sufficient capacity to meet the needs of islands. Angus Campbell offered to support HIE staff in developing this report.

The Chair thanked the Senior Policy Manager for a very informative paper.

Nicholas Sobey left the meeting.

5 ITEMS FOR INFORMATION **CUSPAIREAN AIRSON FIOSRACHADH**

5.1 Approvals list January – March 2021

The latest quarterly approvals list was noted for information and will be published on the HIE website.

5.2 Minutes of Remuneration Committee approved at the meeting on 17 June 2021

5.2.1 Minute of Remuneration Committee 19 March 2021

5.2.2 Minute of Remuneration Committee 29 March 2021

The Board noted the minutes of two meetings of the HIE Remuneration Committee, held on 19 and 29 March 2021. Verbal updates from these meetings had been presented by the Committee Chair at the Board meeting held on 27 April 2021.

5.3 AOB

5.3a Tributes to Charlotte Wright

This was the final Board meeting to be attended by Charlotte Wright, who had decided to step down from the post of HIE Chief Executive for personal reasons at the end of July. The Chair led tributes from the Board members, praising the strong leadership that Ms Wright had brought to HIE as an excellent Chief Executive and her exemplary performance in a succession of roles with the organisation over more than 20 years. These sentiments were echoed by all the Board members, who expressed their respect for Ms Wright, thanked her for all that had been achieved and took the opportunity to wish her a happy and rewarding future.

5.4 Forthcoming meeting dates:

- The next meeting of the HIE Board will be held virtually on 24 August 2021
- The next meeting of the Risk and Assurance Committee will be held on 23 September 2021

Adrian Kitson / Chris Roberts
28 June 2021