

BOARD MEETING
COINNEAMH BÙIRD

MINUTE OF THE EXTRA HIE BOARD MEETING HELD ON FRIDAY 3 APRIL 2020
COVID-19 UPDATE
THIS MEETING TOOK PLACE BY SKYPE AUDIO CONFERENCE

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

IN ATTENDANCE:

Nick Kenton,	Director of Finance and Corporate Services
Douglas Cowan,	Director of Communities and Place
David Oxley,	Director of Business Growth
Martin Johnson,	Interim Director of Strategy and Regional Economy
Karen Moncrieff,	Director of Human Resources
Sandra Dunbar,	Director of Business Improvement and Internal Audit
Rachel Hunter,	Director of Service Delivery
Adrian Kitson,	Head of Executive Support
Jon Pickstone,	Deputy Director of Regional Economic Development, Scottish Government
Marion McCormack,	Head of Better Regulation and Enterprise Sponsorship, Scottish Government
Kimberley Daily,	Team Leader, Highlands, Islands and South of Scotland Economy, SG
Louisa Harvey,	Policy Manager, Highlands, Islands and South of Scotland Economy, SG

1. Welcome and apologies

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

2. Declarations of interest

There were no declarations of interest made. It was noted that some of the items to be discussed could include subject areas where Board members have an interest particularly in relation to Tourism. It was agreed that there was not a direct conflict of interest and there was no need for the members to leave the meeting when these areas were discussed.

3. Authorised Signatories

The Director of Business Improvement and Internal Audit presented a short paper recommending some changes to the HIE authorised signatories in order to respond to the current COVID-19 pandemic.

There has been a need to implement an immediate change to how HIE works including working from home arrangements. In order to deal effectively with day to day activity one practical challenge anticipated is the availability of authorised signatories. In order to deal with this, it is recommended that for a temporary period an additional two Authorised Signatories are added. These would be the Director of Business Growth – David Oxley and the Interim Director of Strategy and Regional Economy – Martin Johnson. This will be kept under review with a formal review undertaken after 3 months.

It should be noted that there is no change to the levels of delegated authority, the signatories are applied after appropriate approval arrangements have been concluded.

The Board approved the recommendation to add a further two authorised signatories.

4. HIE Action Plan

The Interim Director of Strategy and Regional Economy provided an update to the Board on CV19-related activities by HIE, this included a short PowerPoint presentation and outlining the HIE Action Plan that has been prepared to inform the HIE response.

In responding to the CV19 economic crisis, HIE is promoting the collaborative findbusinesssupport.scot website as the digital-first response to information, tools and signposting, as well as promoting the national CV19 helpline. HIE has engaged with all account managed businesses and social enterprises and via this are completing a data set of CV19 issues for analysis to inform policy decisions. Nationally, HIE is collaborating within a multi-agency CV19 response and there is a common action plan across Highlands and Islands Enterprise (HIE), Scottish Enterprise (SE), South of Scotland Enterprise (SOSE), Skills Development Scotland (SDS) and the Scottish Funding Council (SFC). The key themes are Intelligence; Marketing Communications (including the digital response); Business Engagement; and Workforce. HIE is also supporting Scottish Government Community Regeneration and Third Sector colleagues and partners on the delivery of the Supporting Communities and Third Sector Resilience Funds, announced on 18 March.

Locally, HIE is engaged with Community Planning Partnerships, and each area has established its own CV19 response structure, with the economy as part of this. HIE recognises that the UKG announced schemes have gaps, and whilst reprioritising our people and funding around Resilience and Recovery to address the key issues in the region's economy, further resourcing will be needed to meet the economic challenges. HIE further recognise that the rural economy of Scotland has additional challenges, notably a high reliance on Food and Drink, Creative Industries and Tourism – all of which are hit very hard by the CV19 crisis – and a higher proportion of small or micro businesses and self-employed, which will lack the financial resilience to rebound, and where the UKG announcements do not go far enough, either because of gaps, or that debt-funding is not appropriate. HIE has grave concerns for the impact of CV19 on the rural economy, and in particular for the self-employed and micro businesses that are vital for the communities across the Highlands and Islands.

The Board, the HIE Leadership Team and Scottish Government officials participated in a detailed discussion with the Board asking a number of questions and raising a number of points that will be summarised and used to feedback to the Scottish Government. Key areas covered were as follows: levels of contact with HIE account managed clients and those not account managed; Issues with supply chains to essential services; Understanding the whole range of businesses when it comes to “unlock” and what phasing might look like; Need to understand UK Government Loans to Business; When this situation passes, what can HIE stop now to allow pump priming of business support; Need to review the operating plan for the year; Looking ahead, it's important to look wider beyond account managed clients; HIE's role in this – Government funds channelled through the Agencies; HIE role to assist businesses to manage this and provide guidance; Certainty required regarding Government Schemes and what it means for them; Case to make to Government to highlight the difference of the Highlands and Islands economy and what is required.

The Head of Better Regulation and Enterprise Sponsorship, Scottish Government noted that it was key for information to be fed into HIE to ensure that HIE can capture this in a way to inform Scottish Government work

going forward. The Deputy Director of Regional Economic Development, Scottish Government confirmed that a strategic cross check and analysis was being undertaken to identify any differences with the rural economy. Scottish Government is cross checking actions for rural economies and impacts and what recovery would look like.

The Interim Chief Executive confirmed that much work was being done. From an internal operations perspective, homeworking was available to all staff and redeployment is being looked at and will continue to be reviewed. HIE is active in gathering intelligence from businesses and ensuring HIE is well placed to provide better information.

The Board thanked staff for the update asking that the comments provided are noted and provided to the Scottish Government.

5. Community Funding Update

The Director of Communities and Place provided a brief overview of the focus of HIE activities in working with Scottish Government and other partners in response to the Covid-19 pandemic and its impact and implications for communities and social enterprises. The announcement by Scottish Government on 18th March of a total of £350M funding to support welfare and wellbeing was extremely welcome. Since the announcement, the HIE team has been working closely with Scottish Government and partners in the wider ecosystem to support, influence, collaborate, develop and potentially deliver elements of this funding, and ensure that the needs of the Highlands and Islands and rural and peripheral areas are fully considered.

HIE staff have contacted over 300 clients across the region to assess the impact of current circumstances. In doing so, HIE has sought to support the consideration of any options for client organisations, and signpost to potential assistance mechanisms where appropriate. Early feedback from this effort is being collated and has informed work with Scottish Government in their development of the packages listed in the 18th March announcement.

The *£40M Supporting Communities Fund* is targeted to support the community efforts at grass roots level which will be vital to local and national resilience and will be delivered through community anchor organisations. This is seed funding for practical emergency responses designed and delivered locally in response to specific local needs and expected to continue to deliver over the next 4 to 6 months.

The HIE team has provided significant input to the emerging design of the programme since it was announced. This has included work on the programme admin pack re: application, diligence requirements, award agreements and spend processes. HIE has scoped the anchor organisations across the region as part of the national effort, and area teams have undertaken initial calls with over 300 organisations to assess interest, and ascertain their ability to act as a co-ordinator, and as the conduit for funding to other organisations in their surrounding geographical areas.

HIE has noted interest in being the delivery organisation for this and are well placed to deliver. This will however require approval at pace and may require a further extra Board meeting to seek approval and this could be as early as Monday 6 April.

The Board welcomed the update noting that it was a useful fund and appropriate and important for HIE to deliver. Asking if HIE was able to deliver this, the Director of Communities and Place confirmed that HIE was able to deliver at pace and now just needed clarity on the process. The Board noted that an extra meeting may be required at short notice.

6. Feedback from Board Members

The Board provided feedback as each item was discussed, this will be collated and provided to Scottish Government.

7. Update re HIE Internal Operations

The Director of Human Resources provided an update on HIE's internal approach to Covid-19. Highlighting that from the 10 February 2020 when the UK Chief Medical Officers first highlighted a small number of cases of COVID-19 in the UK, HIE has published regular all-staff updates in conjunction with its occupational health provider. There is significant value in clear all-staff communications that show as an organisation HIE is considering staff health, safety and well-being and responding in a responsible and measured way.

An internal working group has been established to include Human Resource, Facilities Management, Health and Safety, Communications and latterly the HIE Interim Chief Executive with the responsibility for monitoring the latest World Health Organisation, UK and Scottish Government advice on COVID-19 and engaging with the wider leadership team and all staff to advise on policy and the implementation of required operational changes.

A register has been compiled of all staff with capacity and key skills to allow redeployment. Now that this position has been successfully established with minimal disruption to services, the focus has shifted to sustaining this new way of working through positive staff engagement, supporting mental health, effective communication and collaboration and the provision of tools and resources to ensure our staff have access to the support, advice and guidance they need to maintain essential services for our clients and communities.

The Board asked if all HIE offices had closed. The Director of HR confirmed this, noting that letters had been issued to essential workers who were required to access HIE offices.

The Board thanked the Director of HR for the update.

8. Any Other Business

The Director of Finance and Corporate Services provided an update on the draft year end outturn (subject to final adjustments and subject to audit) and current budget position, the key points are noted:

Year end:

- On capital, Cairngorm underspend by £1.2m and with Scottish Government (SG) permission this was transferred to core HIE budgets
- On revenue, Cairngorm underspend by £1m. SG allowed the transfer of £0.4m to core HIE budget.
- WES – late slippage of £0.4m due to COVID – SG allowed the transfer to core capital funding.
- Nigg – there was an authorised overspend of £2.8m.
- Core capital (CDEL) showing £195k surplus. With the Nigg authorised overspend of £2.8m the books will show £2.6m overspend.
- Core revenue (RDEL) showing £355k surplus. Includes £400k Cairngorm taken into core. A further £600k sits as Cairngorm underspend. Therefore, overall position is c£1m under. As part of the outturn position, we have paid 2 x £560k lump sum contributions to the HIE Pension Scheme's recovery plan.

Overall this is a positive outturn, but it is subject to final accounts adjustments and there are a lot of risks to manage. It assumes we are able to settle our backdated VAT liability in time to include in 19/20 and that we settle within the resources available. There is also an assumption that Space remains in Capital.

Budget:

HIE started with £4m RDEL reduction. Pre-COVID legal commitments were covered, moral commitments still £3.2m short. HIE is reviewing all revenue budgets and hope to have an estimate by end of next week what the impact of slippage might be. HIE needs to find a solution to the £3.2m of moral commitments before we get to the point where we can start to identify a 'recovery fund' to apply to the current COVID crisis. Slippage is expected on Capital, but that is not what is required now.

A full report will be provided to the next Board meeting at the end of April.

The Head of Better Regulation and Enterprise Sponsorship, Scottish Government noted that SG and HIE are working closely on this.

The Board thanked the Director of Finance and Corporate Services for the update.

Closing the meeting, the Acting Chair on behalf of the Board acknowledged that it was difficult to work from home, thanking all staff and noting their appreciation of all the work that is being done.

Adrian Kitson
Head of Executive Support
03 April 2020