

**HIAL Board Minutes – Wednesday 13<sup>th</sup> December 2023**  
**Head Office, Inverness Airport**

<b>Board Attendees:</b>	(LJ)	Lorna Jack (Chair)
	(SA)	Stewart Adams (HIAL, Interim Managing Director)
	(JM)	Jamie Manson (HIAL, Chief Financial Officer)
	(LS)	Loraine Strachan (Non-Executive Director)
	(CH)	Chris Holliday (Non-Executive Director)
	(IT)	Isabel Todenhoefer (Non-Executive Director)
	(LC)	Lynne Clow (Non-Executive Director)
<b>In Attendance:</b>	(KO)	Kevin O’Leary (HIAL, Chief Operating Officer)
	(AS)	Andrea Sillars (HIAL, Chief People Officer)
	(AG)	Alistair Gleave (HIAL, Chief Commercial Officer)
	(DS)	George Farquhar (HIAL Director of Airport Operations)
	(DM)	Darren MacLeod (HIAL Director of Safety & Compliance)
	(GC)	Gary Cox (Transport Scotland)
	(MB)	Michael Bratcher (Transport Scotland, Aviation Policy)
	(JC)	Jackie Clark (HIAL Executive Assistant – Minutes)
<b>Apologies:</b>	(DS)	Denise Sutherland (HIAL Director of Comms & Corp Affairs)

**HIAL Board Meeting commenced at 14:45**

**Apologies**

Apologies were received from Denise Sutherland.

**Declaration of Interest**

The Chair took as read the usual declarations of interest unless advised of any change.

**Minutes and Matters Arising**

An amendment to the minute from the 18<sup>th</sup> October 2023 was discussed. Minute to be updated and reissued for approval and then published.

**Matters Arising**

**23.08.23** Action 3 and 5 Deadline date moved to February 24.

Action 6 – Following a discussion on where HIAL are with NZAZ and an update from GC on where TS currently stand on NZAZ, it was agreed that HIAL should concentrate only on their own airports. The action was closed.

**23.06.23** Action 3 Following an update from AG on the BA schedule the action was closed. The Chair reminded AG that it was essential that local stakeholders are kept up to date with the scheduled services of the airlines and to ensure DS was kept informed to enable timely issue of comms to HIAL stakeholders.

**26.04.23** – Action 7 and 12 - date amended to Feb-24.

### Chair's Report

Local authority calls continue with the same attendees. DS to explore with the CEO of Shetland Isles Council around limited attendance at the stakeholder meetings. In her role as Dutch consul for Scotland the Chair had met the KLM's Commercial Director and was able to advise the Board on KLM's commitment to the UK, she had arranged an introduction of AG to KLM.

GC updated the Board on the budget which was being laid before the Scottish parliament on the 19<sup>th</sup> December. For the remainder of the 23/24 financial year new spending controls were being introduced where any new expenditure will be declined unless justified as essential spend. 24/25 budgets are not yet finalised, however he noted all public bodies would be receiving a reduction of between 5-10%. **Information Withheld No 4.**

The Chair reminded the executive team of the importance to have realistic plans to spend the full Capital budget provided for 24/25 **Information withheld No 4.**

SA advised a report on all Operation Rebalance savings will be produced for the first full week in January.

### People Committee Update

LC updated the Board on the virtual meeting held with the Chair of the Trustees for the HPS and covered the content of the Hymans Paper on Advice on Trustees proposed investment strategy for an open pension scheme.

*Decision: The Board agreed to no changes in the present investment strategy as advised by the Chair of the Trustees for the HPS and that a full independent review of the HPS governance be undertaken.*

### Chief Executive Officer (CEO) Report

The board noted the updates within the CEO report.

The Board noted the update from SA on the corrected October 23 results with a now positive result of £500K against budget. SA highlighted his continued good relationship with Loganair and their regular catchups. SA advised he was content with the new management structure, with the senior management team encouraged to use their delegated authorities. SA advised on the senior management team strategy day in December and the airport managers strategy day in January 24.

A visit to Wick Airport for SA, KOL and AG is planned for January 24. **Information withheld No 4.**

**ACTION:** Following SA visit to Wick Airport in January a spotlight session on Wick Airport should be presented at the February Board meeting.

### Chief Financial Officer (CFO) Report

The board noted the updates within the CFO report.

JM provided an overview of the management accounts for October 23 and highlighted the reclassification of SATE capital. Following a question around capital spend for the financial year, KOL provided the Board an update on where capital spend currently sits for the financial year and the adjustments required to ensure future delivery of the capital budget.

The Chair noted the improvement on planning and overspending of the capital budget, however, it was important to ensure early release of unspent 23/24 capital budget and to now start working on year 24/25 capital plan to provide assurance that the capital budget can be met.

Following a question on staff costs the board requested an appendix in future management accounts that highlights the trend on staff numbers.

**ACTION:** Include an appendix with management accounts which shows the trend on staff numbers over the previous years.

It was agreed that a procurement governance audit would be added to the Audit Committee TORs. JM advised that Scottish Government has requested an assessment of procurement capabilities for all public organisations in Scotland, with HIALs planned for June 2024.

*Decision: Update Audit Committee TOR to include a six-monthly review of procurement governance.*

*Decision: The Board approved the publication of the annual procurement report for 2022/23*

The Board provided feedback on the safety committee TOR and asked for Cyber to be removed and included in the Audit Committee TOR. An updated safety committee TOR will be available at the February 24 board meeting as part of the governance handbook. The Chair asked the Chair of the Safety committee, the Chair of the Audit Committee, the company secretary and the accountable manager to work together on the safety committee TOR to avoid any reporting duplication to Board.

*Decision: The two nominated NXD's on the safety committee from 1<sup>st</sup> January 2024 are CH as Chair and LC as a member. NXD Board members will no longer be attending SERB or CROG meetings from February 2024. A safety committee report will be included on the Board agenda from February 2024.*

The Board noted the next brokerage tender for company Insurance policies was due in 2024.

### Commercial Report

The Board noted the updates within the new Commercial Report.

AG advised the new pricing schedules were close to being finalised with notice going out to customers in January 24. The Board advised the Commercial Director not to be constrained by past negotiations when reviewing price increases. Following a question from the board on ground handling contracts,

AG advised new ground handling contracts were part of the whole review on airport charges.

**Information withheld No 1.** AG highlighted the issue around not having direct access to CAA reports for data sets on airline data for domestic and international routes.

AG provided the board an update on discussions held with HIAL property and concession customers on their leases and advised the board on the proposal to increase car parking charges for Inverness Airport.

*Decision: The Board approved the Inverness Airport Car Rental Tender. It was confirmed that SA had authority to sign these contracts. Any increase in charges or fees must be approved by the Board before any communication with customers.*

The Board were advised on the Freshjet agreement for café concession for Kirkwall, Stornoway and Barra Airports.

**ACTION:** SA to provide a board paper on increased car parking charges for Board approval.  
*(Post note – board approval received via email 18<sup>th</sup> December 2023.)*

AG confirmed Kerrogair House was now vacated.

### **Chief People Officer Report**

The Board noted the updates within the Chief People Officer Report

AS updated the Board on the current stage of the CEO recruitment process advising 2<sup>nd</sup> stage interviews would occur in January 24.

The Pay Remit discussions have been concluded and the trade union ballots will be completed on the 15<sup>th</sup> December. If accepted the pay award will be paid in January 24. A Q&A paper has been produced to help staff understand the 2 year pay award offer.

AS updated the Board that some departments were against moving to a 35-hour week due to reduction of payment around meal breaks.

### **Communications & Corporate Affairs Report**

The Board noted the updates within the Communications & Corporate Affairs Report.

The Board noted the Corporate Operating Plan Quarter 2 progress report and the data on compliments, complaints and suggestions in the quarterly report on Customer Feedback from 1 July – 30 September 2023.

**The Board broke for Lunch between 13:00 -13.30**

**The Board met virtually with Jon Round, Head of Airspace CAA from 13:30 – 14:00**

The Board agreed to meet annually with the CAA to stay abreast of airspace issues.

### **Chief Operating Officer Report**

The Board noted the updates within the Operations Report.

KOL highlighted to the Board the changes proposed in operations for the capital plan, asset management roles, facilities management and Infrastructure. These changes will effectively help to manage the capital spend.

KOL provided an overview of the requested £420K spend for Phase 4 WP5 of SATE2.

*Decision: Following a discussion around Phase 4 of WP5 for the development of a dedicated test environment airspace at the cost of £420K, due to new financial spending rules by Transport Scotland for items over £100K the spend was not approved in financial year 2023/24. The Chair requested the executive team explore other options /solutions to this obligation.*

The Board noted that HIAL was not represented at the Convention of the Highlands and Islands and discussed whether HIAL should be a member.

Following a discussion around HIAL's capital plan, the Chair advised that Ministers should take comfort that the HIAL Board have oversight of the capital plan and will only approve essential spend. The Board noted that it was important with the new changes to capital planning that each area of the business understood how to deliver the plan on time.

To meet next year's capital budget JM advised it was essential to prepare the 2024/25 financial year business case capital spend for approval in February 24 and ensure that the material and structure is in place to deliver. KOL will deliver in February a capital plan that shows how it will deliver the remaining capital spend for financial year 2023/24.

### **Accountable Manager Report**

The Board noted the updates within the Accountable Manager Report.

DM advised the risk picture has significantly improved in terms of risk management. The Biodiversity report has been drafted, reviewed and will be issued to the Scottish Government prior to the deadline of 31<sup>st</sup> December.

The Chair asked about the ATMS lessons learned report and was advised it was being finalised. A copy will be circulated to the Board when complete.

### **Airport Operations Report**

The Board noted the updates within the Airport Operations Report.

GF advised an amended business case for Inverness Radar Refresh will be taken to the February 24 board meeting.

SA advised a meeting with Royal Mail was scheduled to discuss their nightshift requirements.

### **Business Case**

The Board discussed the business case for Cabin Baggage X-ray equipment for Inverness Airport which had a delivery date of mid-2024.

*Decision: The Board approved Option 3 Procurement of 2 x C3 scanners at the cost of information withheld No 1 as an essential capital spend for 2024/25.*

**AOB**

The Chair provided her apologies and advised LS would Chair the Dundee Board Meeting on Monday 18<sup>th</sup> December.

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**HIAL Board Meeting concluded at 15:40**  
**Next Meeting on 14<sup>th</sup> February, Inverness**

No	Reason for Redaction
1	Withheld for reasons of commercial interests
2	Withheld as the information constitutes personal data
3	Withheld as disclosure of the information will endanger the physical or mental health or safety of an individual
4	Withheld as disclosure will prejudice the effective conduct of public affairs