

**FOR PUBLICATION****HIAL Board Minutes – Wednesday 26th June 2024****Malmaison Hotel, Dundee**

**Board Attendees:**

(LJ)	Lorna Jack (Chair)
(PK)	Paul Kelsall (HIAL, Chief Executive Officer)
(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)

**In Attendance:**

(AG)	Alistair Gleave (HIAL, Chief Commercial Officer)
(AS)	Andrea Sillars (HIAL, Chief People Officer)
(DS)	Denise Sutherland (Director of Comms & Corp Affairs)
(DM)	Darren MacLeod (HIAL – Accountable Manager)
(MB)	Michael Bratcher (Transport Scotland)
(JC)	Jackie Clark (HIAL Executive Assistant – Minutes)

**HIAL Board Meeting commenced at 08:30****Apologies**

No apologies were received.

The Chair welcomed PK to his first official HIAL Board meeting.

**Declarations of Interest**

The Chair took as read the usual declarations of interest unless advised of any change. LC advised from October 2024 she would be joining the Board of the Scottish Childrens Administration Report.

**ACTION:** All NXD's register of interests to be published on the HIAL website.

**Minutes and Matters Arising**

The minutes of the meeting held 24.04.24 were recorded as accurate.

The actions from the Matters Arising report were discussed and agreed as completed, timeline extended or closed with exception of:

**Item 5 24.06.24** – Framework Document & Accountable Officer clarification. MB provided an update to the Board on the legal advice being sought by Transport Scotland around the Accountable Officer position.

**ACTION:** Spotlight session to be setup post completion of Accountable Officer position to understand the governance around the role. MB to provide a board paper on obligations of role and responsibilities for Accountable Officer.



## 1.Chair's Report

The Chair welcomed PK to his first board meeting and advised the board on the meetings that she had attended recently.

- Introductory meetings with MSPs and PK at Holyrood which received a good turnout. The Minister Maree Todd also came along to the meeting as a constituency MSP.
- PK and the Chair met with the Chair and CEO of Loganair.
- Bi-annual meeting with Alison Irvine CEO Transport Scotland
- 4 weekly Local authority leaders' call

The Chair shared with the Board a letter received regarding public sector reform and how it is encouraging public bodies to look at opportunities to collaborate around shared services to help reduce the subsidy payment.

**ACTION:** Include in board strategy day a discussion around exploring possible opportunities to collaborate around shared services and how this could work for HIAL.

## 2.Chief Executive Officer

PK briefed the Board on the focus of his first four weeks in the business which included inductions, safety training, airport visits, Head Office meet and greet session, relaunch of Company Values and looking at financial challenges. He met with Transport Scotland colleagues for introductions, held a meet and greet with MSPs at Holyrood and met with the Civil Aviation Authority. PK briefed the Board on his discussion with Loganair.

Following initial observations of the business PK advised that his next focus points were

- simplifying the structure within the organisation
- Operation Rebalance – 1 year on
- Review Safety Management System
- Review Governance and DoA
- Review Capital Plan
- Review Resource – impact of 35 hr week

PK advised he would be visiting Wick and Stornoway airports in the following weeks.

## 7. Operations Report

### 7d - Capital Plan 2024/25

DM provided an overview of the capital plan for 2024/25 and the amended figure of £19.718m based on achievable and essential spend only. The Board discussed the setback around the availability of resource within the procurement team. JM briefed the board on the temporary resource to be brought into the team to help prioritise the at-risk procurement spend. The Board asked for more



context within the Capital plan which highlighted the risk/consequences of non-delivery of the capital plan.

*Decision: The Board approved the content of the £19.718m. The Capital plan to include more context/impact around risk, should investment not be made in 2024/25 ie, airport closure, CAA regularity, health & safety of staff etc. The Board agreed to advise Transport Scotland at the next board meeting in August any revised capital spend figure for 2024/25.*

#### 7c – LSI Compliant Fencing Security Fencing

DM advised the Board this spend was within the 2024/25 capital plan and was currently out for tender.

*Decision - The Board approved Information withheld No 1 expenditure for LSI Compliant Security Fencing*

#### 7a – Hold Baggage x-ray equipment (6 sites)

The Board discussed the three options provided and approved option 2.

*Decision - The Board approved Information withheld No 1 expenditure Option 2 for Hold baggage x-ray equipment (6-sites) phased over two years.*

#### 7b – Cabin Baggage x-ray equipment (6 sites)

The Board discussed the three options provided and approved option 2.

*Decision - The Board approved Information withheld No 1 expenditure Option 2 for cabin baggage x-ray equipment (6-sites) phased over two years.*

### 4. Chief Financial Officer Report

JM provided an update on the management accounts for the first two months of the financial year highlighting the increase in revenue and the decrease in costs.

#### Grant Offer Letter

The board noted the Grant offer letter and the emphasis made on head count reduction.

*Decision – The Board authorised JM to respond to Transport Scotland accepting the grant offer letter dated 30<sup>th</sup> June 2024.*

#### Corporate Governance

JM advised that the use of PAYE settlement agreements and travel and subsistence policy for consumption of alcohol have been addressed. Gifts and hospitality policy has been revised and sent to JNCC for review.

The Board noted the amendments to the policies.



JM briefed the Board on HIAL's participation in Project HEART and advised no costs had been incurred to date and that the project was no longer planning on using any of HIAL's airports to facilitate the demonstration of a new hybrid aircraft.

*Decision – The Board noted the change of position for HIAL and asked for HIAL to be withdrawn as a stated non-funded partner for Project HEART.*

The Board noted the position agreed with HiTrans for SATE WP5 which allows HIAL to continue to participate in the SATE consortium and fulfil commitment made by HIAL at the outset, without directly funding the consultancy required to complete Work Package 5.

#### Pensions Update

JM briefed the board on the activity taken place on the HPS scheme and the action plan for the strategic review and the associated costs.

*Decision – The Board noted the update and next steps and were content to continue using Hymans to progress the strategy review.*

### **3. Safety Security and Environment Committee Update (SSEC)**

CH briefed the board at the Dundee board meeting – [Link here](#)

#### 3a. Accountable Manager Report

DM briefed the Board at the Dundee board meeting – [Link here](#)

The Board asked for the level of risk on Pay and Grading and procurement to be reviewed, and for the risk appetite matrix to be reviewed through the Audit Committee before coming back to board.

**ACTION:** Risk appetite matrix to be reviewed through the Audit Committee and brought back to board.

**ACTION:** Update risk level on Pay and Grading and Procurement.

Following a question raised by the Board on the SYJ jetty. DM advised he would bring an update to the August Board meeting.

**ACTION:** DM to bring an update to August Board on SYJ Jetty

### **5. People Committee**

LC briefed the board at the Dundee board meeting – [Link here](#)

### **6. Chief People Officer Report**

AS briefed the board on the 2<sup>nd</sup> year annual performance report and highlighted the new recording format on the establishment report, increase on long term absence, age profile of staff and the increase in mandatory training. The board discussed the high level of overtime across the business.



## 7. Operations Update

The Board noted the update.

## 8. Chief Commercial Officer Report

AG provided an overview of the commercial report highlighting the increase in aviation income against budget, the negotiated airline deals, property and concession updates, Q2 commercial actions and targets, an update was provided on the café concessions and windfarm agreements. For the purpose of the minute, the Board approved the new easyJet contract via a team's call on 4<sup>th</sup> June 2024.

**ACTION:** JM to revisit the original windfarm agreement from 2021 and acquire board approval for any amendments.

## IT left the meeting at 15:00

The Board discussed the cost of land **Information withheld No 4** and asked to be kept informed of any discussions.

## 9. Director of Communications and Corporate Affairs

DS highlighted the Corporate Operating Plan's good results for year-end 31<sup>st</sup> March 2024.

The Board noted the Q4 and full year performance report results. The board congratulated the team on the 84% target met.

The Board noted the customer feedback report for Quarter 4.

The Board noted the Data Protection, Records Management and FIOSA quarterly report.

## 10. AOB

MB provided an update on the Aviation Statement to be published in July 2024 and will work with DS on HIAL Comms.

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HIAL Board Meeting concluded at 15:45

Next Meeting on 21st August, Wick

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