

FOR PUBLICATION**HIAL Board Minutes – Wednesday 21st August 2024****Town Hall, Wick**

Board Attendees:	(LJ)	Lorna Jack (Chair)
	(LS)	Lorraine Strachan (Non-Executive Director)
	(CH)	Chris Holliday (Non-Executive Director)
	(IT)	Isabel Todenhoefer (Non-Executive Director)
	(LC)	Lynne Clow (Non-Executive Director)
	(PK)	Paul Kelsall (HIAL, Chief Executive Officer)
	(JM)	Jamie Manson (HIAL, Chief Financial Officer)
In Attendance:	(DS)	Denise Sutherland (Director of Comms & Corp Affairs)
	(DM)	Darren MacLeod (HIAL – Accountable Manager)
	(GC)	Gary Cox (Transport Scotland)
	(JC)	Jackie Clark (HIAL Executive Assistant – Minutes)
	12:15 – 1245	(AG)
14:15 – 14:45	(AS)	Andrea Sillars (HIAL, Chief People Officer) (Via Teams)

HIAL Board Meeting commenced at 10:45**Apologies**

No apologies were received.

Declarations of Interest

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

Minutes and Matters Arising

The minutes of the meeting held 26.06.24 were recorded as accurate.

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

7. *Windfarm Agreement* – Board to be fully sighted on the original business case for the windfarm mitigations at the October Board Meeting.

5. *Commercial Revenue Split* – If data not available for October Board Meeting, it should be circulated to board members as soon as possible thereafter.

1.Chair's Report

The Chair advised herself and PK had met with the Minister for Transport and discussed the newly released Aviation Strategy and local authority airports, Finances and PSO's. The Minister was informed of the good working relationship that HIAL has with the TS sponsor team and a conversation was had around Island representation on the HIAL Board. Following the meeting HIAL were made



aware of further spending controls placed across public bodies. PK updated the board on actions taken by the SMT to communicate the restrictions put on the business.

An introductory meeting took place with the newly elected MP Torcuil Critchton and two further local authority meetings have taken place following the last HIAL board meeting.

2. Audit Committee Update

LS updated the Board on what was discussed at the last Audit Committee. Highlighting the concerns raised regarding the lack of progress with procuring a new internal audit function, however, it was understood that this was due to limited staff within the procurement team and that a plan was now in place. The Procurement staffing issue is to be added to the strategic risk register.

The Audit committee reviewed the Governance Statement and Going Concern Statements for the 23/24 annual accounts and asked for some small amendments. Further governance is required around the Project Management Office. The Board were advised on the complimentary feedback for the HIAL finance team received from the external auditors around the preparation of the 2023/24 annual accounts.

3. Chief Executive Officer

PK advised he had managed to visit nine out of the eleven HIAL airports within his first three months. Barra and Benbecula were scheduled for the following weeks. He advised he had found the visits positive and the staff engaging. Several individual introductory meetings with local stakeholders & MSPs had taken place with several meetings scheduled with Oil and Gas associates. He provided a progress update to the Board of several ongoing initiatives within the business.

PK briefed the board on his and the Chair's introductory meeting with Loganair's CEO and Chair and on a letter received from Loganair's CEO around **Withheld Information No 4.**

ACTION: Withheld Information No 4

A remodelled board reporting pack was presented and discussed and would be trialled from the October HIAL Board meeting.

5. Chief Commercial Officer Report

AG joined the called at 12:15 via Microsoft Teams

AG provided a summary of increased revenue over the previous four-month period and highlighted new revenue growths. The Board were encouraged by the good progress made. An update on New Century House was given. The Board discussed the proposed PV installations at three HIAL airports and the environmental benefits for HIAL.

ACTION: Present a paper to the Board showing the overview of the PV farms project, showing the benefits for HIAL in relation to meeting HIAL's future environmental sustainability, in financial terms and include details of governance procedures.

Withheld Information No 4.



AG left the call at 12:35

4. Chief Financial Officer Report

JM provided an overview of the management accounts for quarter one, highlighting the decrease on capital expenditure due to limited staff numbers in the procurement team.

ACTION: Bring to October Board or circulate by email to the Board the expected capital expenditure for year 24/25 for approval before notifying TS.

A discussion was had on vacancies savings versus overtime costs and for this figure to be included in the management accounts going forward.

ACTION: Pull together information on vacancy savings versus overtime costs and include in monthly management accounting report.

JM advised progress was being made on the 23/24 financial accounts. Some small adjustments to be made to the going concern statement and governance statement, with the draft accounts circulated to the Board thereafter for comment.

JM updated the Board on the staffing issues within the Procurement team and the action plan to address the challenges.

The Board broke for lunch at 12:45 and met with Wick Airport Working Group. (WAWG)

ACTIONS from Wick Working Group

- Look into border force/HMRC rules around international flights from Wick Airport
- Provide WAWG with information on Wick Masterplan Land Sharing

The Board reconvened at 13:50

ACTION: PK to speak with AG to prepare a spotlight paper on Wick Airport to include details on the Masterplan Land share and any update from the WAWG sessions.

6. Safety Security and Environment Committee Update (SSEC)

CH provided the Board with an overview on what was discussed at the August SSEC meeting highlighting that the safety objectives have been set with an objective target to meet zero accidents and incidents, runway incursions remain a focus for the committee with mitigations in place, a review was taken on the work of the investigation of the Islay **Withheld Information No 2** incident and some adjustments have been requested within the Risk Appetite matrix.

6a. Accountable Manager Report

DM provided an overview of the report highlighting the ongoing work between the PMO, Finance and Procurement teams to provide a more robust and accurate delivery picture, identifying efficiencies and dependencies.

The Board noted the report.



7. People Committee

LC provided the Board with an update on the pensions meeting had with Hymans Robertson where they were asked to work with the lawyers and the trustees of the HPS to work through the regulatory concerns raised about the TS guarantee and state aid concerns.

Hymans have been asked to perform a governance review of the HPS.

8. Chief People Officer Report

AS provided an overview of the report covering the establishment numbers and the ongoing work with the Pay & Grading and 35 hr rostering projects. The Board noted the update on the IIP action plan.

Withheld Information No 4.

The Board advised they expected the 35-hour rostering project to identify actual staff numbers required at each airport.

9. Operations Update

The Board noted the update.

9a. LSI Pavement Works

Decision: Subject to Transport Scotland approval the Board approved Option 3 spend of Year 1

Withheld Information No 1 and Year 2 Withheld Information No 1.

9b. KRK Pavement Works

Decision: Subject to Transport Scotland approval the Board approved Option 3 patch repair spend for Year 1 Withheld Information No 1

9c. Vehicle Replacement

Business case was withdrawn.

9d. BT21CH

Decision: The Board approved the additional spend of £63k bringing the project total cost to £358k.

9e. SYH Holm Jetty

The Board discussed the options provided.

Decision: The Board approved Option 2 – Withheld Information No 4.

10. Director of Communications and Corporate Affairs

The Board noted the quarter one operating plan and the excellent results.

The Board noted the quarter one customer feedback report.



The Chair thanked LC for her role over the last three years as HIALs Board champion for the Gaelic Language plan. It was agreed the plan should be revisited before a new board champion is allocated. The Board noted the Gaelic Language Plan Year Three report.

11. AOB

The Chair advised the next HIAL Board meeting will be held via Microsoft teams on Thursday 17th October.

The Chair shared the Boards appreciation to GCx for his continued support to HIAL as the TS sponsor and wished him well in his new role.

HIAL Board Meeting concluded at 15:45
Next Meeting on 17th October, Via Teams

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