



HIAL Board Minutes – Thursday 17th October 2024

Via Microsoft Teams

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:

(MB)	Michael Bratcher (Transport Scotland)
(JC)	Jackie Clark (HIAL Executive Assistant – Minutes)

From 11:05

(DS)	Denise Sutherland (Director of Comms & Corp Affairs)
(DM)	Darren MacLeod (HIAL – Accountable Manager)
(AG)	Alistair Gleave (HIAL, Chief Commercial Officer)
(AS)	Andrea Sillars (HIAL, Chief People Officer)

HIAL Board Meeting commenced at 10:00

Apologies

No apologies were received.

Declarations of Interest

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

Board Minutes

The minutes of the meeting held 21.08.24 were recorded as accurate.

Item 5. People Committee

LC provided the Board with an update on the P&G project advising the People Committee (PC) were not able to approve the P&G project as there was work still to be completed on the Trade Union Negotiation Strategy and the Target Operating Model. A detailed note of what information the PC expected to see had been emailed to the executive team. **Withheld Information No 4.**

LJ wanted to reassure the Board that PK had the P&G project as a key objective.

Withheld Information No 4.

The timeline being worked to is the next people committee on 25 November to provide an update.

PK will keep the PC informed of the progress.

ACTION: PK to have a call with MB to understand the history of the P&G request and setup an introductory meeting with **Withheld Information No 2**, LC and PK.



Item 2. Group Accounts

Due to the unavailability of a DAL Board member today, the HIAL Board agreed to a request for a change of time for the DAL Board on Monday 21st October to 14:00 hrs for DAL accounts to be signed.

LS advised the Audit Committee reviewed the set of accounts and were content to put the accounts forward for approval. JM advised the Board on some editorial changes which did not affect the numbers. The Board discussed the going concern assessment and the changes made to the internal document.

The Chair asked the Board if they were content to approve the accounts and the signing of the letter of representation for AMSL and HIAL Group.

Decision: The Board approved the annual report and accounts of Airport Management Services Limited (AMSL).

Decision: The Board approved PK to sign the Airport Management Services Limited (AMSL) Letter of Representation.

Decision: The Board approved the annual report and accounts of Highlands & Islands Airports Limited (HIAL).

Decision: The Board approved PK to sign the Highlands & Islands Airports Limited (HIAL) Letter of Representation.

The Chair gave her thanks on behalf of the HIAL Board to the Audit Committee and Finance Team for their hard work in ensuring the accounts were completed within the set timeline.

Item 3. Chair's Report

The Chair advised the Board that she and PK had held their usual local authorities meeting. She had met with the CEO of Transport Scotland for her bi-annual meeting and advised Alison Irvine has been confirmed as the new permanent CEO of TS and the Aviation Team has been moved to the Transport Strategy and Analysis Directorate where Fiona Brown is the Director.

The Chair advised her term as Chair had been extended by one year until January 2026 and LC had been appointed for a second term as a non-executive director taking her through to March 2028.

Item 4. Audit Committee Update

LS advised the Audit and Assurance Partner from Azets had provided positive feedback on the finance team's work on the process of the audit this year.

LS updated the Board on what was covered in the last Audit Committee which was Internal Audit function, Risk Appetite, Whistleblowing, IABP and review of HIAL policies. JM provided an update to the board on the timelines around the tender for the Internal Audit function.

Item 5. Pension Update

LC provided an update on the meeting held with the trustees and advisors which included discussion on commitments made in previous years which should be reviewed through pension reform. LC advised there was a pension valuation due at the end of this year and advised the output of the valuation will come to the Board for review. Hymans are working up a questionnaire on the



Governance Review, a copy of which will come to the Board for any input, which will help the look at pension reform.

JM provided an update on the status of PPF and advised of the engagement the trustees would like to have with Transport Scotland.

Following questions raised by Hymans in the October 24 Pensions update to the HIAL Board, LC asked that time should be made available at a future board meeting to discuss and consider the questions raised.

ACTION: Add a Pensions discussion to either December 24 or February 25 Board agenda.

Item 6. Safety Security and Environment Committee Update (SSEC)

CH briefed the Board on what was covered in the last SSEC being slip and trip events, LSI runway incursions and higher carbon emissions.

Item 7. Board Reporting Pack

PK advised the aim of the new pack was to provide more information, including metrics and measures. He added this was version one and asked the Board to provide feedback on any changes or additional information they would like to see included.

1. Matters Arising

Action 25 – JM advised this was still a WIP and should be included in the December Board Reporting Pack.

Action 22 – PK advised he had met with Cranfield and advised that the output from the agreed scope of work would not be ready until January 25.

Action 17 – MB provided an update on collaboration with other organisations in relation to the aviation strategy.

Action 9 – JM provided an update on where he was with finding a copy of **Withheld Information No 4.**

Action 5 – JM advised work has progressed on splitting GA revenue and Jet revenue and should be reported from Q3 within the December Board Pack.

ACTION: LJ/PK/JC to work on November 24 Board Strategy Day Agenda

2. CEO Update

PK briefed the Board on his visits to the airports, updated the board on the SLT strategy days looking at KPIs, metrics and structures, and advised on meetings held with Cranfield, LSI Oil and Gas partners and Highland Council Leader Raymond Bremner.

He asked the Board to note the items in relation to the SYA whistleblowing incidents, Royal Mail contract at Inverness, café concession change at KOI and the review of the Safety Management System. DM provided an update on the progress of the ongoing work.

The Board discussed the likely impact on the business of the removal of the Royal Mail evening contract. It was noted that the AFS and Security teams were most impacted by this change.

Recruitment in these teams was to be on temporary basis until staff from the evening shifts could be redeployed.

3. Safety Performance

DM summarised the safety performance overview covering safety performance, risk management, compliance and security management. He updated the Board on the three Riddor risks. The Board felt



the P&G risk which had been reduced should be reviewed based on the discussion earlier in the day on P&G.

The Board noted the new reporting data and made some suggestions for changes which were recorded separately.

4. Compliance Monitoring

The Board noted the new reporting data and made some suggestions for changes which were recorded separately.

The Chair advised she had read in the pack that the board made a decision to use a non-environmental electrical supplier. This was not correct as it had been brought to the Board as a fait accompli. She asked that the record be amended. DM advised there was an opportunity to revisit our electrical supplier at the end of this year.

The Board noted the new reporting data and made some suggestions for changes which were recorded separately.

5. Risk Register

LS briefed the Board on a discussion the Audit Committee (AC) had around the order of the risk appetite categories and a change request to the wording around safety and compliance. The Board discussed the data protection and People categories

The Board noted the new reporting data and made some suggestions for changes which were recorded separately.

Decision: The Board were content to agree with the changes to the risk appetite proposed by the AC and asked for the team to review the People/legislative risk appetite and how it is expressed.

6. People

AS briefed the Board on the People overview report highlighting the staff survey and the ongoing work around values and the relaunch of appraisal training for managers.

The Board discussed the People FTE budget numbers and how this was managed.

The Board asked questions regarding the fixed payroll costs. JM to provide details via email.

ACTION – JM to circulate via email an explanation on the different monthly fixed payroll costs

The Board noted the new reporting data and made some suggestions for change which were recorded separately.

The Board broke for lunch at 13.10

The Board reconvened at 13:40

7. Financial Performance

JM briefed the Board on the Financial Performance Overview highlighting the positive financial performance for the period up to September and updated the Board on the procurement team recruitment and covered the immediate priority work. He advised that work has commenced on 2025/26 budgets and that no progress has been made on the Framework document.

ACTION: Provide a verbal update on the draft budget 2025/26 at the December 24 board meeting.

The Board raised concerns about the decrease in carpark income. JM advised the equipment at LSI had deteriorated and corroded quicker than expected. The Chair noted her concern around the delay in getting the barriers reinstated and the **Withheld Information No 4.**



ACTION: JM/AG to produce a plan around addressing the issue of carpark equipment at LSI. replacement. JM advised the **Withheld Information No 1.**

The Board discussed the lower-than-expected rental income performance this financial year.

ACTION: AG/JM to review the rental income against budget and provide an update to the December board

The Board discussed the Capital Expenditure for this financial year and noted the projected expenditure. The Board requested when budgeting the capital plan for future years the team capacity for delivery must be built in.

Decision: The Board approved a return of £5.2m of the 2024/25 capital grant and would make a decision in December on a further £2.8m which is a currently classed as at risk.

8. Airport Operations

DM briefed the Board on the Operational Performance overview highlighting the appointment of the new KOI Airport Manager.

The Board discussed the data received on Loganair routes **Withheld Information No 1.**

DM briefed the Board on the **Withheld Information No 4** legal case advising of a without prejudice conversation on 25 September. He added that **Withheld Information No 4** papers are due back to the courts on the 23 October.

Decision: The Board decided to wait for **Withheld Information No 4** before a making a decision on next steps.

The Board noted the new reporting data and made some suggestions for changes which were recorded separately.

9. Commercial Operations

AG briefed the Board on the Commercial Activity Overview highlighting the total incremental income for year 2025/26, the new café concession for Barra and the land utilisation for PV development.

Withheld Information No 1.

The Board noted the new reporting data and made some suggestions for change which were recorded separately.

10. Business Development

AG briefed the Board on the potential new business development opportunities.

The Board discussed the Loganair route between SYD and INV and **Withheld Information No 1.**

Decision: The Board **Withheld Information No 1**

The Board noted the new reporting data and made some suggestions for changes which were recorded separately.

11. Communications & Corporate Affairs

DS briefed the Board on the Communications & corporate affairs overview.

Item 8 – Papers for Approval/Discussion

Windfarms Agreement

JM provided an overview of the paper highlighting the development of the roadmap and the implementation of a new windfarm mitigation radar at Inverness. No windfarm agreements have been signed however the financial model produced in 2021 requires a refresh. A refresh of the



financial model, the increase in fees for the roadmap and a copy of the windfarm agreement will be brought to the December board for approval.
The Board noted the update.

PV Farms

AG provided an overview of the paper and shared a picture of the segments of grass at Inverness Airport for the PV Farm. Following a discussion around ensuring due diligence has been completed and the long-term benefits to the business the board were supportive of the project.

Decision: The Board supported the project but wanted reassurance that this was the best option available for the land.

Wick Airport Working Group

AG briefed the Board of the content of the paper which covered the **Withheld Information No 1.**
Withheld Information No 4.

The Board noted the update.

Accountable Officer

The Board noted the update.

Values Review

AS provided a summary of the paper. The current five values have been trimmed down to three being Teamwork, Respect and Excellence. LC updated the Board on the discussion in the People Committee around the staffs' comments on the Company's values.

The Board noted the update.

HIAL Board Meeting concluded at 16:48

Next Meeting on 11th^h December, Head Office, 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