

**FOR PUBLICATION****HIAL Board Minutes – Wednesday 11th December 2024****Held Head Office Inverness Airport**

Board Attendees:	(LJ)	Lorna Jack (Chair)
	(LS)	Loraine 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)
	(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)
	(GF)	George Farquhar (HIAL, Director of Airport Operations)

HIAL Board Meeting commenced at 09.30**Item 1. Apologies, Declaration of Interest and Minutes****Apologies**

No apologies were received.

Declarations of Interest

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

LS advised she has joined Lothian Buses as a Non-Executive Director.

LC advised she has joined the Robert Gordons College as a Co-opted Governor effective 01/12/24.

LJ advised she had resigned as a Non-Executive Advisor from the Isle of Mann Airport effective 30/11/24.

Board Minutes

The minutes of the meeting held 17.10.24 were recorded as accurate.

Item 2. Chair's Report

The Chair advised the Board on what was discussed at her bi-annual meeting with the CEO of Transport Scotland where best practice by the organisation and Board was highlighted, however the underspend on our annual capital spend was mentioned and the Chair highlighted to the Executive Team the requirement for improvement on delivery or based on better projection highlighting early that the full amount allocated is not required. The Scottish Governments draft budget for 25/26 was released on the 4th of December and the Chair updated the Board on the figures provided for HIAL's proposed grant amounts.



Item 3. Safety Security and Environment Committee Update (SSEC)

CH advised the SSEC had met in person the previous day and a decision had been made for the SSEC to meet 4 times a year, twice in person and twice via Teams. The areas discussed by the SSEC covered the Safety Plan for 25/26, patterns and observations at LSI, days lost on slips trips and falls, cybersecurity and airport security **withheld information No4.**

Item 4. People Committee Update

LC advised the P&G model was being reworked and will be brought to the next People Committee for discussion on the 12th December. The aim is to bring the report to the People Committee on the 22nd January for review and agreement and following that to the HIAL Board for approval.

Item 5. Board Reporting Pack

1. Matters Arising

09 24.04.24 IABP Working Capital – Date amended to February 2025

25 21.08.24 Vacancy Savings v Overtime Costs – Date amended to February 2025

33 17.10.24 Rental Income – Verbal update provided. Action closed.

2. CEO Update

PK updated the Board on the Strategy days held in November, advised on the COO recruitment process, meetings he had attended during the previous two months, and advised part one of formal appraisals had been completed for SLT members and frameworks for Target Operating Models were being drawn up. The Chair advised she had appreciated the new format for the Board strategy day held in November.

3. Safety Performance & Compliance Monitoring

DM provided an overview of the safety and compliance review covering the communication plan on slips trips and falls, reporting continuous improvement suggestions, Environmental monitoring and renewable energy.

4. Environmental

The Board discussed the reverting back to renewable energy. JM confirmed the change would positively impact Scope 2 emissions.

Decision: The Board approved the change to revert to renewable energy.

The Board noted the report.

5. Risk Register

The Board queried the Operational risk level for Resource and Resilience at SY Y and asked about the tactical closures. With the close of the ATMS programme the Board recognised the impact this would have on recruitment of Air Traffic personnel, however had previously requested that the business plan for resilience accordingly for future recruitment. AS updated the Board on current ATC recruitment adding that due to cost cutting challenges the business was being careful with how this was managed.

The Board noted the risk oversight data only captured accepted risks and not emerging risks.

ACTION: Include sight of emerging risks within the risk oversight data.



The Board discussed the P&G strategic risk and the risk score, noting red risks were reviewed by the business every three months, with the next review at the end of December 2024 which would take place just after the Board meeting. The Board were provided with reassurance that a mitigating plan was held for the strategic security risk.

ACTION: Review the timing of the three-monthly strategic risk reviews and bring in line with Board meeting dates.

6. People

The Board discussed the Headcount for the business and AS explained the actual versus budget headcount numbers. The Board were concerned to see increased security staff numbers at Inverness Airport when capital investment had been made and reductions should have occurred. PK advised the next Target Operating Model (TOM) to be produced and taken to the Board would be for Inverness Airport. The Board asked when building the Inverness TOM that the model fits with similar size airports and should be sophisticated that it not only looks at staffing but becomes the business model for the whole airport.

ACTION: Target Operating Model for Inverness Airport to be completed and discussed at the February Board meeting.

ACTION: Target Operating Model for Head Office to be completed and discussed at the April Board meeting. Benchmarking data should be used to confirm the correct level of staff numbers for each of the HO functions.

There was a discussion around which roles should sit within the Head office headcount and asked if the operational roles within the HO headcount were recharged to the airports. JM advised 1/11th of head office costs is apportioned to each airport.

ACTION: Look at a more sophisticated approach to the recharge of Head office costs to each airport.

ACTION: Provide more narrative around the increase in Head Office headcount and include what savings were made by increasing Head count but decreasing Ops costs. Bring to April 25 Board.

AS advised the Board on the policies which would be assessed at the next JNCC meeting, and the Scottish Governments latest published pay remit where public bodies are strongly recommended to reach a three-year settlement of three percent per year with the trade unions. AS provided a brief overview on the status of the 35hr week and Pay & Grading projects.

The Board noted the update.

The Board reviewed the high payroll overtime charge against Wick Airport. It was noted this cost was for redeployed Wick staff.

ACTION: Redeployed Wick staff overtime costs should be recognised and recharged to the airport of detachment. To be processed via a journal at year end. This should be completed for all staff who are on detachment to other airports.

7. Financial Performance

JM summarised the performance to date up to October which showed increased income against budget and lower than expected expenditure. The Board requested some amendments to the waterfall chart data

ACTION: JM to make amends to the waterfall chart



The forecast shows a better-than-expected position, with improved revenue on airport charges and reduction in expected staff costs expenditure.

The Board were shown the new Power BI Income (revenue only) breakdown data and were advised that it would be used to improve the budget and budget monitoring process. The Board did not require access to the Power BI tool and DM advised he would produce a web-based version for the Board to access so they could request a snapshot of data they would like to see alongside other Board reporting information. The Board noted the Power BI tool could produce trend data which could help show performance data year on year for subsidy requirement.

ACTION: DM to produce a web-based version of the Power BI income breakdown for the Board to review and request a snapshot of data they would like to see alongside other reported data.

ACTION: Spotlight at the next Board strategy day (Nov 25) on exploring the Income data to date and how it is meeting the budget

JM advised that Capital spend continues to be challenging due to lack of procurement resource through the summer period. The Board noted the projects which have been delayed or are at risk. The Board noted no airports would close due to capital projects being delayed or put at risk. The Board asked for reassurance that the indicative capital budget for 2025/26 could be delivered or identify early in the financial year the value which can be delivered.

Decision: The Board were content for JM to inform Transport Scotland that HIAL's capital budget for 2024/25 could be reduced by £8.355m but noted their disappointment that this had occurred and asked for a realistic prioritised capital plan at the February Board.

ACTION: Bring 2024/25 Capital plan to the HIAL Board for scrutiny to ensure the £13.948m is being delivered.

JM advised he had attended the HPS trustees meeting in November which had focussed on the forthcoming valuation and summarised to the Board the estimated position of the HIAL Pension as of 31 October 2024. The employer contribution rate looks set to be lower than expected as of 31 December 2024. The valuation is expected to be complete by end of August 2025 with a target date of 1 January 2026 for the new contribution level to commence. The Board were made aware that the pension governance review will be discussed at the next People Committee meeting. The Board noted the update.

JM summarised the amendments made to the revised Governance handbook on the Code of Conduct and the HIAL and DAL ToRs. The HIAL and DAL ToR's to be amended to include a Quorum of five based on a majority of NXD's.

DECISION: The Board approved the amendments to the Governance handbook and the amendment to the ToR's for quorum.

The Board were made aware of the announced 2025/26 SG budget figures. JM advised the board of some expenditure pressures which would require absorbing in the budget. A proposed budget for revenue and capital will be brought to the February Board for review.

The Board broke for lunch at 13.00

The Board reconvened at 13.15



8. Airport Operations

GF provided an overview of the operational performance of the airports, advised on the ground handling agreements and the ongoing work to prepare for the new ground handling regulations being introduced from 2026. He highlighted AFS shortages in Barra and the winter weather experienced recently with slight disrupted flight schedules.

The Board noted that the consortium agreements for SATE end 31st March 2025. An update on Windracers request to the CAA on the sandbox and HI-TRANS request to the transport minister for funding was given. PK clarified that any request of HIAL post 31st March 2025 will be completed on a commercial basis.

9. Commercial Operations

AG advised the Board on the multiyear airline agreements being progressed, a new route proposal, the opening of the Barra Café, IABP and covered the energy sector opportunities and the long-term PV renewables/Windfarm deliverables. **Withheld Information No 1.** The Board discussed their investment in IABP and the future planned way forward. JM advised the HIAL audit committee had an action to review IABP business and would bring an update to the HIAL Board in April 25.

ACTION: JM to provide an update of the Audit Committees review of IABP business to the April 25 HIAL Board.

ACTION: Set up adhoc virtual HIAL Board meeting in January to approve new airline agreements.

The Board discussed the opportunities for NCH **withheld Information No 1.**

The Board discussed the new airline charges and asked that the increased indicative airline charges for 25/26 be expressed as a percentage discount against the published prices when brought for approval at the January board meeting.

ACTION: AG to express the percentage discount against published price within the paper when bringing to the Board for approval.

The Board discussed the **withheld Information No 1** new route proposal and the proposed charging, and the team reassured the Board that there were no additional costs that had not been factored in.

Following a question asked by the Board, AG explained why HIAL was not a signatory to the Wick Airport Working Group (WAWG) report which had been written by the Highland Council and was due to go to the Ministers before Christmas.

10. Communications & Corporate Affairs

DS briefed the Board on the Quarter 2 corporate operating plan, customer feedback compliments and complaints and FOISA requests.

The Board noted the Quarter 2 Corporate Operating plan update.

The Board noted the Customer Feedback Report for quarter 2.

The Board note the Quarter 2 Information Management Update.



Item 11 – Papers for Approval/Discussion/Note

PV Farms

AG provided the Board with a brief overview of the PV development proposal. The Board discussed the proposed HoTs for Inverness PV development.

DECISION: The Board agreed in principle to AG signing the non-binding HoTs for the Inverness PV development with the understanding that legal advice has been sought to provide assurance HIAL has received the best deal for the 30-year development.

Barra Control Tower

GF provided an overview of the additional spend request for design work.

DECISION: The Board approved the requested additional £85K spend for the Barra Control Tower roof replacement, bringing the total spend to £385K.

Company Values

AS advised on the amendments made to the Company values. The Board discussed the company values and approved the 4 values however asked that the narrative used to describe each value should be reworded.

DECISION: The Board approved the four company values of Safety, Respect, Teamwork and Excellence and were content for the company values to be published once the language had been updated.

Corporate Operating Plan 2025/26

DS provided an overview of the corporate operating plan for 25/26 advising amendments had been made where comments had been received from the Board. The Board made suggestions to some of the language used on the objectives.

DECISION: Subject to the language changes requested to several of the objectives the Board approved the Corporate Operating Plan 2025/26.

Revised Strategy Plan 2023-28

DS provided an overview of the amendments made to the Strategy Plan 2023-28 following feedback from the Board Strategy Day.

DECISION: The Board approved the changes to the revised Strategy Plan 2023-28. The final public version to be brought to the Board in February 2025.

Corporate Operating Plan Q2 2024/25

The Board noted the Corporate Operating Plan Q2 2024/25

Customer Feedback Q2

The Board noted the Customer Feedback Q2 update.

Information Management Q2

The Board noted the Information Management Q2 update.



The Board noted the People Report 2024/25 report.

Item - 12 AOB

The Chair wished the Board members and attendees a very merry Christmas and a happy New Year.

HIAL Board Meeting concluded at 16:44

Next Meeting on 19th February 2025, Islay

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