

**FOR PUBLICATION****HIAL Board Minutes – Wednesday 19th February 2025****Meeting Held Machrie Hotel, Islay**

Board Attendees:

(LJ)	Lorna Jack (Chair)
(LS)	Loraine Strachan (Non-Executive Director)
(CH)	Chris Holliday (Non-Executive Director)
(LC)	Lynne Clow (Non-Executive Director)
(JM)	Jamie Manson (HIAL, Chief Financial Officer)

In Attendance:

(DM)	Darren MacLeod (HIAL – Chief Operating Officer)
(DS)	Denise Sutherland (Director of Comms & Corp Affairs)
(AG)	Alistair Gleave (HIAL, Chief Commercial Officer)
(AS)	Andrea Sillars (HIAL, Chief People Officer)
(TS)	Terry Shevlin (Transport Scotland)
(JC)	Jackie Clark (HIAL Executive Assistant – Minutes)

Apologies:

(IT)	Isabel Todenhoefer (Non-Executive Director)
(PK)	Paul Kelsall (HIAL, Chief Executive Officer)

HIAL Board Meeting commenced at 10.00**Item 1. Apologies, Declaration of Interest and Minutes****Apologies**

Apologies were received from Isabel Todenhoefer and Paul Kelsall.

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 11.12.24 and 28.01.25 were recorded as accurate.

Item 2. Chair's Report

The Chair advised that herself and PK had met with the Director-General Roy Brannen (RB) and discussed four areas of business. Governance, finance, delivery and risks and public sector reform (PSR). LJ highlighted to RB that HIAL were working to an old framework agreement.

The Chair attended the Public Sector Reform Summit which was chaired by the Minister for Public Finance where the discussion covered prevention, collaboration between public bodies and empowerment. **Withheld Information No 4.**

The Chair and LC met with Transport Scotland CEO and updated her on the P&G project and were informed that the remuneration group did not have availability until March 2025 to review the P&G business case.



Item 3. Audit Committee

LS advised the Board on the topics discussed at the meeting of the Audit Committee (AC). The external audit plan for 2025/26 had been agreed. The AC had noted the increase in grievances raised and had raised questions around the culture of the process. The AC had been provided an update on IABP **Withheld Information No 1**. The Board were advised of the AC's disappointment at the length of time it had taken the team to prepare an internal audit tender and had raised concern that outstanding internal recommendation actions had been marked as complete before being reviewed and accepted by the AC or internal audit.

ACTION: The People Committee (PC) to review the process around the raising of a grievance. AS/LC to define other than data what is reviewed by the PC around the underlying culture of the company.

Item 4. Safety Security and Environment Committee Update (SSEC)

CH updated the Board that the SSEC had been focussing on slips, trips and falls and the lost time as the trend highlights an increase over the last few years. He advised on risk reduction measures for third party handling contracts, category A high risks are being reviewed, and the draft safety plan has been presented to the SSEC for discussion. An explanation was provided on the two environmental exceedances at Inverness and Wick airports. **Withheld Information**

No 4.

Item 5. People Committee Update

Pay and Grading (P&G)

AS provided an update to the Board on the P&G project covering the business case and trade union negotiation strategy.

35 Hour week

AS provided an overview to the Board on the discussions with the trade unions (TU) around electronic rosters and the proposal to move the whole organisation to a standard leave year, implementing an electronic recording of annual leave from days to hours. Following the letter received from the joint TU's withdrawing from discussions the Board discussed recommendations for moving forward.

Decision: The Board agreed to progress with the business case to the remuneration group in March. HIAL to notify the TU's that HIAL are pausing discussions on the implementation of a 35-hr week following receipt of the joint TU letter dated 7 February 25. The HIAL People Committee will take the lead on reviewing options from TOMs to see a way forward with the 35hr week while awaiting responses from the SG remuneration group on the P&G business case.

Item 6. Board Reporting Pack

1. Matters Arising

Outstanding matters arising were discussed with the following updates

22 - 21.08.24 Route scenario planning – action reopened. Look at using an alternative company.

38 - 11.12.24 Recharge HO Costs – Action now complete.

2. CEO Update

The Board noted the CEO update.

3. Safety Performance

The Board noted the positive results of the SMS review and split amendment to strategic risks. DM provided an update on the DfT lifting of liquid restrictions for use with C3 x-ray equipment and reminded the Board on which HIAL airports would be using the C3 equipment.

The Board noted the peaceful and positive handling by HIAL Staff of the protest on private jets at Inverness Airport.

The Board were informed that the Director of Airport Operations had advised of his retirement at the end of May 2025.

The Board were informed that **Withheld Information No 1** were in discussions with Kirkwall Airport about setting up a 2-year operation as part of the Orkney temporary operating zone.

4. Compliance Monitoring

The Board noted the reinforcement of messaging to staff for reporting incidents. The Board noted the good performance for T3 audits at Benbecula airport. The Board were **Withheld Information No 2** advised that John Craib has stepped in as interim airport manager.

DM advised HIAL had implemented a radon monitoring programme.

5. Risk Oversight

The Board noted following the discussion at the Audit Committee meeting, procurement would be added to strategic risks list.

DM advised the demand on the teams' time had increased for Windfarm mitigation work. The Board suggested negotiating a charging mechanism for a fast-track process and discussed the requirement to talk with local authorities about the maximum capacity for wind turbines affecting the HIAL airports.

6. People

AS briefed the Board on the People Overview report advising there was an increase in the number of staff who completed the staff survey and the lapse in the IIP accreditation. A discussion was had around the budget head count figure and what was included.

ACTION: JM to clarify whether ADS (2.6 FTE) is included within the Transport Scotland figure for head count.



The Board noted the volume of live cases within the HR Case Management report. The Board reviewed the high level of overtime costs under recoverable and non-recoverable and asked for recoverable overtime to be reported and linked to Income.

ACTION: AS/JM include in the payroll overtime report the quarterly on call and out of hours cost Income against recoverable overtime and report as a percentage recovery of payroll cost.

ACTION: Include a graphical trend over three years showing overtime costs by quarters on recoverable and non-recoverable.

7. Financial Performance

JM provided an overview of the last monthly financial figures highlighting the increase in income and decrease in expenditure providing a better than anticipated operating loss. He updated the Board on procurement recruitment and work on contract tenders due to expire shortly.

The Board reviewed the year-to-date financial performance, and the Capital spend. The Board noted the genuine underspends on some Capital projects.

JM updated the Board on the agenda for the next meeting of the HPS. He asked the Board if they would like to nominate an employer representative to the HPS as a position has become vacant.

***Decision:** The Board felt it was important to have an independent pensions expert as the Employer representative trustee on the HPS and were content to spend to acquire the appropriate person. To be run as a procurement exercise. LC to provide names of agencies to be contacted. The Board made a decision to not go ahead with the governance review of the HPS.*

The Board broke for lunch at 13.00
The Board reconvened at 13.30

8. Airport Operations

The Board noted the update on Airport operations. The Board requested all types of airline charges be grouped together to provide a total income per route.

ACTION: DM to amend the Top Routes by income slide to group all airline charges per route to show total income per route.

9. Commercial Operations

AG briefed the Board on commercial activity summarised within the commercial report covering commercial aviation and non-aviation opportunities for 25/26, emerging new market opportunities and highlighted capacity constraints.



The Board discussed the optimal route map for the Highlands and Islands and the trend of the footfall and felt this should be projected and built into the Airport target operating models.

10. Communications & Corporate Affairs

DS briefed the Board on the corporate operating plan performance report, customer feedback and FOISA/DP/information management Quarter 3 reports for period 1 October – 31 December 2024.

The Board noted the Quarter 3 Corporate Operating plan and Customer Feedback reports.

The Chair asked about the consumer duty guidance report for public bodies received from Scottish Government. DS advised the SLT would review and produce a document outlining HIALs duty under the new requirements which would provide reassurance to the Board that HIAL is compliant in the process.

The Board noted that HIAL falls under the new regulations around consumer duty.

Item 7 – Papers for Approval/Discussion/Note

2025/26 Budget

JM summarised the funding from Transport Scotland for revenue, capital grant and non-cash depreciation. The revenue budget has been built based on the current operating model. It has the increased income streams approved by the Board in January included. The key expenditure assumptions were explained.

The Board discussed the inclusion of stretch targets within the 25/26 budget and for the budget to be more aggressive and show the opportunities of savings in each area.

*Decision: The Board did not approve the 2025/26 revenue budget and asked for stretch targets to be included and for the budget to be set lower than the proposed grant funding of **Withheld Information No 1***

2025/26 Capital Plan

JM informed on the 4-point plan to improve the capital planning process and advised on the major projects for capital spend in 2025/26.

*Decision: The Board approved the capital plan for 2025/26 of **Withheld Information No 1** and noted the 4-point plan to help improvement for capital spend and asked that the 4-point plan be included in the master schedule activity plan.*



Business Cases

The Board discussed and made decisions on the following 3 business cases.

BC1510 - BEB/SYY/WIC VCCS

*Decision – The Board approved Option 3 to evaluate the market to determine the most cost-effective option to maintain operationally essential VCCS capability at BEB/SYY & WIC up to a cost of **Withheld Information No 1** in financial year 25/26.*

BC1518 – Procurement of Airfield Vehicles

ACTION: DM pulled together a report that shows the vehicles being replaced and the impact they have on the environment.

*Decision – The Board approved Option 2 leasing vehicle capital costs of **Withheld Information No 1** over 4 years from 25/26 – 28/29 inclusive at **Withheld Information No 1** per year and approved the procurement of one snow blower at the cost of **Withheld Information No 1** in financial year 25/26.*

BC1524 LSI WIC SYY Replacement NDB

*Decision – The Board approved the spend of up to **Withheld Information No 1** for replacement of the Non-Directional Beacon navigation aids at LSI, SYY and WIC in financial year 2025/26.*

Item 8. Items for Discussion

Withheld Information No 4

Decision: *Withheld Information No 4*

Item - 9 AOB

The Chair apologised for the bad internet connect for those who had called into the meeting.

HAL Board Meeting concluded at 17:10

Next Meeting on 23rd April 2025, Glasgow

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