



HIAL Board Minutes – Wednesday 23rd April 2025
Meeting Held Courtyard Marriott Glasgow Airport

Board Attendees:	(LJ)	Lorna Jack (Chair)
	(IT)	Isabel Todenhoefer (Non-Executive Director)
	(CH)	Chris Holliday (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:	(DM)	Darren MacLeod (HIAL – Chief Operating Officer)
	(DS)	Denise Sutherland (HIAL, Director of Comms & Corp Affairs)
	(AG)	Alistair Gleave (HIAL, Chief Commercial Officer)
	(AS)	Andrea Sillars (HIAL, Chief People Officer)
	(GF)	George Farquhar (HIAL, Director of Airport Operations)
	(MB)	Michael Bratcher (Transport Scotland)
	(JC)	Jackie Clark (HIAL Executive Assistant – Minutes)
Apologies:	(LS)	Loraine Strachan (Non-Executive Director)

HIAL Board Meeting commenced at 11.10

Item 1. Apologies, Declaration of Interest and Minutes

Apologies

Apologies were received from Loraine Strachan

Declarations of Interest

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

LJ advised of her role change to interim co-chair at SFC until end of Oct-25.

Board Minutes

The minutes of the meeting held 19.02.25 were recorded as accurate.

Item 2. Chair's Report

The Chair advised herself and PK had met with the Minister of Agriculture and Connectivity where budgets, airline partners and passenger numbers and our strategic priorities were amongst some to the topics discussed. The Minister advised he would arrange to diarise regular catch-up meetings going forward.

A letter was received from Shetland MSP Beatrice Wishart (BW) on the reinstatement of carpark charges at LSI airport and on the possibility of introducing a shuttle bus to the airport. The Chair advised she had responded by letter on the carpark charges and had asked BW to make contact with the General Manager at LSI airport to discuss infrastructure required for HIAL to support this green initiative.

Following the visit to Tiree Airport the previous day, The Chair advised the Tiree airport staff raised concerns about the decrease in passenger numbers.



Local Authority calls continue once a month with no major issues being raised.

The Chair advised the team on the Board's decision around a Board Sponsor for the Papa Charlie Project.

Withheld Information No 4.

The Chair asked for the minute to homologate the decision made by the Board on the **withheld Information No 4**

Decision: Withheld Information No 4

Item 3. Audit Committee

IT provided a brief update on what was discussed at the Audit Committee meeting held on 22nd April, 25. The update covered the appointment of the new Internal Audit function, the review of the Audit Committee TOR, changes to the Audit & Assurance Checklist, the SPFM, review of updated policies, and Company risks. **Withheld Information No 4.** The Board discussed the procurement issues and asked if the review of procurement was part of the new internal audit plan for 25/26. JM advised it was and informed the Board of some of the new practices which had been implemented by the new Head of Procurement.

The Chair asked that the payments over £25k report which is published annually be taken to the Board quarterly for review.

ACTION: Payments over £25k report to be brought to the Board quarterly for review.

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

CH updated the Board on the areas reviewed at the last meeting of the SSEC. There was a noted improvement to days lost for injury, however advised it was still an area of focus as although improved was still a high cost to the organisation. The safety plan has been redrafted with some additional action points and there was one environmental exceedance at Inverness Airport. He advised the SSEC planned to produce an annual report of their safety reviews which would be brought to the Board. The Chair advised a summary of the report would be included in the published annual report and accounts.

Item 5. People Committee (PC) Update

LC advised the Board on the further delay of P&G going to the Scottish Government remuneration group for consideration. MB updated the Board on the issues raised around the P&G submission report. LC advised that it was important to be realistic about what can be delivered as P&G ties in with the annual pay review, 35hr week and rostering project.

Another area of concern for the PC was gender pay gap with HIAL being below the national average, however understood it was difficult to manage.

An update was provided on the HIAL pension scheme following the valuation at the end of 2024. The PC had viewed the quantitative information from the results of the staff survey and were surprised that things were not improving.

AS provided an overview of the themes raised within the staff survey.

Item 6. Board Reporting Pack

1. Matters Arising

There were no questions raised on outstanding matters.



2. CEO Update

PK summarised his report and highlighted a few key points including the two-day strategic planning seminar with HIAL senior managers, his meeting with the CEO of Scottish Canals, his meeting with the trade unions and his attendance on a two-day course on political engagement and media training. The Board noted the CEO update.

3. Safety Performance

The Board noted the safety performance update; no questions were raised.

4. Compliance Monitoring

The Board noted the compliance monitoring update; no questions were raised.

5. Risk Oversight

PK reiterated to the Board the focus by the team on reducing the slip/trips and falls risk. The Board noted the update.

The SYA ATS resource risk was discussed. GF provided the detail around leavers and the recovery plan. AS provided an update on the now recruited posts and the training plan in place. It was noted the implementation of the TOM's would help reduce the risk **withheld Information No 4**.

The Board discussed engaging with the CAA to work on some of HIALs future requirements on ATC.

ACTION: Write to the Chair of the CAA to see if they are planning set of out and abouts and if so could HIAL be included.

6. People

The Board discussed staffing volumes. AS provided clarity on the FTE numbers over the last few years and advised vacancy figures were not previously included when reporting FTE. The Board were concerned that the direction given from the Board in 2024 to right size the organisation to pre-covid levels by the end of the 2024 financial year was not met. **Withheld Information No 4**.

Case Management

Following a question raised by MB the Board **Withheld Information No 4**.

The Board broke for lunch at 13.00 and met with Loganair CEO and Chairman.

The Board reconvened at 14.10

7. Financial Performance

JM provided an explanation on the provisional outcome for the 2024/25 annual performance which has a better than budgeted loss. Capital spend is not yet finalised and will be circulated to Board members when complete. The Chair commended the team on the positive result.

JM advised the external audit fieldwork for the 2024/25 Annual accounts is planned to commence in June/July.



JM advised an updated Corporate Governance Handbook would be brought to the June Board which streamlines activity and will include a delegated authority for purchasing.

ACTION: Updated Corporate Governance Handbook to June 25 Board including a delegated authority for purchasing

Procurement

Two new members to join team in May 25 which completes the restructure of the team.

HIAL Pension Scheme

Following the pension valuation JM advised the Board there would be an expectation at the next board meeting for the Board to make decisions on what they would like to challenge.

8. Airport Operations

The Board noted the update on Airport operations.

The load factor numbers for Loganair were discussed and the Board noted that all the rural routes have reduced passenger numbers year on year. There was a noted increase in cancelled flights and the Board asked for data to be included on the reason of cancellation and to validate the numbers.

ACTION: Include cancelled flight reason within the data and verify previous data

The Board updated the other attendees at the meeting on their discussions with Loganair around the HIAL routes and the opportunity offered by Loganair to share their flight schedules. The Board suggested the team take up the offer and work with Loganair around flight schedules **Withheld Information No 4.**

ACTION: PK & DM to discuss the opportunity of Loganair sharing their schedules at their meeting on 20th May.

The Board noted and congratulated Inverness Airport on their third consecutive year win of the ASQ for Airport with the Most Dedicated staff.

The Board asked about the KOI DVOR which has been out of operation for three months. GM explained the necessity of the key navigational aid and advised there has been no operational issues while waiting the equipment to be serviced.

The Board noted the full Airport Operations Update.

9. Commercial Operations

The Board noted the commercial operations update and asked about the commercial opportunity with **Withheld Information No 4.**

Decision:** The Board were content for AG to continue discussions **withheld Information No 4.

AG advised the Board on the new verbal offer received from **Withheld information No 1** for New Century House. The Chair updated the Board on the discussion she had with the Chair of **withheld information No 1** for NCH.



AG briefed the Board on the latest IABP activity. JM confirmed to the Board that HIAL held a 34% equity stake of IABP which is recognised in HIALs balance sheet.

10. Communications & Corporate Affairs

The Board noted the Communications and Corporate Affairs update which included the quarter three Corporate Operating Plan, Customer Feedback and Information management report. DM confirmed to the Board that the Target Operating Models did not form part of the published airport plans but were included within the corporate operating plan.

Item 7 – Papers for Approval/Discussion/Note

Budget 25/26 & Grant Offer Letter 25/26

JM briefed the Board on the key assumption changes made to the budget on income and expenditure.

The Board questioned the increase in budgeted AMSL staff costs. JM advised it was due to the increase in National Insurance costs and the cost of Peoples pension. Following a query from the Board on the percentage of cost budgeted for people's pension, JM advised he would reevaluate the figure.

The Board raised their concern about the continued rise of headcount within the organisation and asked for a more in-depth breakdown of headcount showing the positions on April 20 versus March 25.

***Decision:** The Board approved the 25/26 budget except for staff costs and asked for a further report providing analysis of headcount.*

ACTION: Bring to June Board meeting a report providing analysis of staff numbers in each department by airport at April 20 versus end of March 25 and include comments in regard to what roles were previously outsourced.

The Board stipulated that there should be no further increase in recruitment until the staff budget has been approved.

Grant Offer Letter 2025/26

The Board asked for a report which provided reassurance that Inverness and Sumburgh airports did not breach their subsidy control budget allocation.

MB commented that Transport Scotland (TS) had some problems acquiring approval to provide subsidy control for Inverness airport and the Board noted the current subsidy control funding runs out on 31st March 2027. MB added that it was the responsibility of TS to provide an explanation to the UK commission to justify Inverness Airport being a permanently subsidised airport. The Board noted that this was a major strategic risk which was not on the risk register.

ACTION: Provide a quarterly report showing spend on revenue and capital for Inverness and Sumburgh airports against subsidy control budget allocation.

***Decision:** The Board agreed to hold off signing the grant offer letter until the full budget was approved in June 25.*

The Board broke for a break at 16:00

The Board reconvened at 16:10



Inverness Car Parking Charges

AG briefed the Board on the challenges to the changes for the short stay carpark and the drop off zones. The Chair advised it was important to ensure all the changes were communicated in a timely manner. It was noted there were no unintended consequences to increasing the parking costs.

Decision: The Board approved the increased parking charge for Inverness Airport car parks and the changes to the drop off zones.

Business Cases

The Board discussed and made decisions on the following business case.

BD1510 Dundee Directional Finder

Although not a regulatory piece of equipment, GF briefed the Board on the requirement of the navigational aid, which was an enhancement to safety. The Board discussed the fact the equipment was not functional, the risk element and the timeframe for a replacement.

Decision: The Board approved the replacement of the Dundee directional finder and asked for the procurement to be expedited into the financial year 25/26 capital plan. To be taken to the Dundee Board meeting for full approval.

Item 8. Items for Discussion

Withheld Information No 4

HR- Matters Arising Action

The Board noted the update.

The Board asked how they receive reassurance that recoverable overtime is appropriately recovered.

The Board noted that the People Committee had this as an action to be discussed at their June meeting and would feedback results to the Board in June.

Item - 9 Item for Note

Consumer Scotland Duty Act

DS briefed the Board on her discussion with the strategy manager for Consumer Scotland Duty Act and advised the paper summarised where HIAL met with the act and how it aligned using a pragmatic approach with HIALs strategic decision.

Decision: The Board were content to note that HIAL's legal obligations had been filled and agreed to report within the published annual report how HIAL have met the consumer duty throughout the year. Withheld Information No 4

Item 10 - AOB

The Board noted this was the last attendance for GF at a Board meeting before retiring at the end of May and wanted to thank him for his 28 years of service.

HIAL Board Meeting concluded at 17:22

Next Meeting on 25th June 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