

**HIAL Board Minutes – Wednesday 25<sup>th</sup> June 2025**  
**Meeting Held Courtyard Marriott Glasgow Airport**

**FOR PUBLICATION**

<b>Board Attendees:</b>	(LJ)	Lorna Jack (Chair)
	(IT)	Isabel Todenhoefer (Non-Executive Director)
	(CH)	Chris Holliday (Non-Executive Director)
	(LC)	Lynne Clow (Non-Executive Director)
	(LS)	Loraine Strachan (Non-Executive Director)
	(PK)	Paul Kelsall (HIAL, Chief Executive Officer)
	(JM)	Jamie Manson (HIAL, Chief Financial Officer)
<b>In Attendance:</b>	(SS)	Stuart Strachan (Head of Aviation, Transport Scotland)
	(MB)	Michael Bratcher (Transport Scotland)
	(JC)	Jackie Clark (HIAL Executive Assistant – Minutes)

**Apologies:**

**HIAL Board Meeting commenced at 09:30**

Introductions were made to Stuart Strachan the new Head of Aviation for Transport Scotland.

**Item 1. Apologies, Declaration of Interest and Minutes**

**Apologies**

There were no apologies received.

**Declarations of Interest**

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

LJ advised she had stepped down from her role as Chair at Wbg.

JM advised he was now Chair of Shetland Arts Development Agency.

**Board Minutes**

The minutes of the meeting held 20 April and 29<sup>th</sup> May were approved subject to some minor changes.

The Board noted the Audit Committee minutes from 22<sup>nd</sup> April and the SSEC minutes from 11<sup>th</sup> April. CH advised the Board on recent HSE cases against aviation businesses, including a case at Edinburgh Airport and a case against British Airways, highlighting the seriousness of safety penalties.

A matter arising from the safety minutes regarding updating the terms of reference (TOR) of the committee was raised, emphasising that changes need to be brought back to the board for sign-off, however it was noted that the updated TOR had not yet been to the SSEC for review.

**Item 2. Chair's Report**

Recruitment to replace a NXD role and the Chair position has commenced with the public appointments team. Monthly local authority calls are ongoing, providing insights into airport operations and passenger numbers.

An in-person meeting was held in Benbecula with stakeholders, including **withheld information No 2**



chair of Western Isles Transport Committee. Issues raised in Benbecula were the parking of the Islander aircraft with concerns about the distance passengers must walk to the terminal. Access to EGNOS was raised again, with the chair of Western Isles Transport Committee continuing to advocate for it. Staff had raised issues about the 35 hours a week roster and access to uniforms.

**ACTION:** Look at investing in a golf buggy for pax transfer at Stornoway Airport

It was noted that the new format of three board members visiting the smaller airports was working well.

### Item 3. People Committee (PC) Update

The Board were updated on PC business and HR updates as follows:

- Annual Pay Claim  
No pay claim for 25/26 has yet been received from the unions who are likely waiting on the central government pay deal to be issued.
- Pay & Grading Business Case  
Pay & Grading project continues. The remuneration group had questions that the team have responded to. The remuneration group are reconsidering the P&G Business case, with a response expected early next week.
- **Withheld Information No 4.** The Board need to be assured the project can be delivered without unacceptable costs before it is progressed.  
**ACTION:** Meeting in Inverness HO to be set up with CPO/LC/PK/JM to discuss **withheld Information No 4**
- 35 Hr Week  
The 35-hour week consultation is ongoing, separate from Pay and grading, led by the Director of Airport Operations
- Staff Survey  
There was a higher response rate, with both positive and negative feedback. Issues include disconnect with head office, especially at some airports. The Strategic Leadership Team (SLT) are working with airport managers to understand the issues.
- Pension  
The trustees finalisation of the valuation assumptions is awaited. **Withheld Information No 4.** The actuaries are in regular contact, and discussions are ongoing to influence the valuation. - Training with Hymans will be set up for the Board to learn more about the current position with the DB scheme. An independent Trustee requires to be recruited. The PC has considered a brief person spec for the role. Executive search specialising in professional services will be used for recruitment.

***DECISION:** The Board gave delegated authority to the PC to sign off on the chosen candidate.*

- People Management Annual Report  
In response to questions about the level of overtime, the leadership responded that there was a perception of cultural change required in roster and leave management with concerns about multiple staff on leave simultaneously, leading to overtime. The first step is changing the overtime forms to make certain fields mandatory. There was a question of whether managers are being challenged to minimize overtime. Responsibility and accountability



need to be assigned to managers authorising overtime. Over time numbers are consistently high indicating a need to understand the root cause. The Board wants assurance on the plan to tackle non-recoverable overtime.

**ACTION:** Capture the specified reason for overtime in the online approval sheet. Data to be available for reporting by December Board meeting. **DM/JM/AS**

#### Item 4. Board Reporting Pack

The Board went through the reporting pack as follows:

##### 1. Matters Arising

The issue regarding the accountable officer is still with Transport Scotland lawyers who are determining whether HIAL can be audited by Audit Scotland.

The Board were disappointment to learn that working capital payments to IABP had continued with no board authority given for these payments, whilst acknowledging this pre-dated both of HIAL's current Executive Directors. It was acknowledgment that the funding appears as a lending on IABP's balance sheet, which ultimately should be returned. There is a need to understand the original purpose of IABP, its status, and future strategy.

**ACTION:** Schedule Board time to discuss IABP strategy **withheld Information No 4**

**ACTION:** Invite **Withheld Information No 2** to the December Board to discuss the status and future strategy of IABP. <sup>2</sup>

##### 2. CEO Update

The CEO attended events and meetings with partner organizations, including Loganair and the Inverness Chamber of Commerce. A quarterly business review meeting with Loganair was positive, with commitments to collaborative work on safety and sustainability. The first meeting following the Scottish Government's Aviation Statement took place in May, with more work to follow. There was an encouraging meeting with trade unions regarding the 35-hour week and other issues. A meeting with Highland Council discussed safety initiatives around car parking, yellow lines, and red lines at Inverness airport.

Feedback from a CAA audit were positive with 2 minor findings around change management and 3 observations.

##### 3. Safety Performance

The Board noted the safety performance update. The Board agreed to a 60-minute ICT cyber security training session at a future meeting. The Board noted the start date for the new Director of Safety and Compliance.

**ACTION:** Include ICT cyber security training in a future board agenda.

##### 4. Compliance Monitoring

The Board noted the compliance monitoring update.

##### 5. Risk Oversight

The general threat level remains substantial. Transport Scotland raised a question about awareness of military flights passing through HIAL airports and the Board asked about reassurance on threat levels and what the organisation was doing around increase security measures. Stornoway air traffic resource is being managed now with recruitment of new local talent in air traffic control.

There was a discussion around Pay and grading being the highest strategic risk. From a governance perspective, **withheld Information No 4**. It was reiterated that the Board would focus on strategic risks with Audit committee reviewing risks and mitigating actions, providing assurance to the Board. It was noted that not all committees were using the same framework



for risk assessment. The PC should manage the P&G risk and feed into the strategic risk register.

#### **Strategic Risks**

The Board advised that it remained unclear who owns the overall strategic risk framework. The strategic risk register should not be delegated to a group with potentially conflicting interests. The balance of information needs improvement, focusing on clearly defined risks, results, and mitigating controls. Reviewing how other bodies manage risk at board level was encouraged.

**ACTION:** Prepare a list for TS on military flights using HIAL airports

**ACTION:** Provide reassurance to the HIAL Board on **withheld Information No 4.**

**ACTION:** Ensure P&G risk register is added to each future P&G agenda

There are Project Management Resource Constraints due to long-term absence and unfilled positions. Project management processes are outdated and not followed. Efforts are underway to modernise processes and clarify expectations. **Withheld Information No 2.** JM advised that revised processes for business cases will be in place by the end of July which will show more detailed costings.

#### **6. People**

The Board received an update on staff numbers. They raised that the establishment numbers reported differs from what's in the budget pack. The numbers reported and the people data should reflect the numbers in the budget and use the same definitions.

The live cases of employee relations issues are roughly 10% of the workforce, which is very high. This is not new and may indicate a deeper-rooted cultural issue. Soft skills training is being introduced to help people have conversations, whether difficult or easy.

#### **7. Financial Performance**

Income is broadly on track, but concession income is down due to performance with one of the car hire concessions at Inverness moving on site. Advertising income from digital boards is behind forecast, particularly in Inverness.

Expenditure is slightly lower, with a bumpy start to April due to not having a budget in place. Year to date, expenditure is slightly under. Results up to the end of September will be reviewed at the October board meeting with a different format being used for this review. Spreadsheets with a consolidated version of every line item plus all the airports can be shared with the board every month. An agenda item at the six-month point to focus on subsidy, target operating model progress, and other relevant factors will be added.

**ACTION:** Produce individual airport data within board financial reporting pack on a six-monthly basis for discussion. Add to October agenda

JM advised that company law is changing. Each company director will need to verify their identity. This needs to be done via the post office or via a gov.uk one account. The account needs to be linked with an email address associated with the entity that's reporting. If everyone's identity is not verified by December 31st, the company can't file its accounts, which would mean a fine.

**ACTION:** JM to explore options to ensure all HIAL/DAL/AMSL Directors are verified on a timely and efficient manner and to return to a future Board meeting with that information.

#### **8. Airport Operations**



Runway rejuvenation work is occurring throughout the summer. There are still some tactical closures at Stornoway due to air traffic resource. The overall passenger numbers are up over the past month except for Tiree, Benbecula, and Wick. Cancellation statistics have been added to the reporting pack as requested. Details around the reason for cancellations aren't available presently. There are concerns about some of the load factors at Island Airports being very low, leading to a risk of frequency reduction. As an emerging risk it should be quantified and mitigated.

**ACTION:** Reducing load factors on island route risk to be quantified and added to risk register depending on scoring.

### **The Board broke for Lunch at 12:10 and reconvened at 12:45**

#### **9. Commercial Operations**

The Board considered the details provided in the pack and following discussion approved the sale.

**Decision:** *The Board approved the sale of 3,653 sqm of land east of the Tiree Power Station to **withheld Information No 4**.*

#### **10. Communications & Corporate Affairs**

The Board noted the Q4 Corporate Operating Plan, Q4 Customer Feedback report and the Q4 Information Management Reports for 2024/25.

### **Item 5 – Papers for Approval/Discussion/Note**

#### **Budget 25/26 & Grant Offer Letter 25/26**

The Board received papers with the following information. **Withheld Information No 4.**

**Decision:** *Although there was discomfort from the Board to sign off on the staff Budget 25/26 without a clear target, they agreed to approve subject to clarifying to the team that a minimum of **Withheld Information No 4** was required by year end to satisfy grant conditions. **Withheld Information No 4.***

#### **Corporate Governance Handbook**

A number of changes were proposed to HIAL's scheme of delegated authority.

**Decision:** *The Board did not approve the proposed amendment to increase the CEO level of approval on Commercial/Contractual agreements within the Matters Reserved for the Board.*

**Decision:** *The Board approved the delegated financial authority for the interim Airport Manager at Dundee Airport.*

**Decision:** *The Board approved the introduction of a Delegated Procurement Authority across HIAL.*

### **Item 6. Items for Discussion**

**Withheld Information No 4**

#### **Item 7. Business Case Approval**

**BC1603 Digital Switchover**



Explanation was provided on what the money was being spent on for Year 1, Year 2, and Year 3, including revenue consequences and costs. It was clarified that the change is happening because it allows for the removal of electricity from the telephone system.

**Decision:** The Board approved Capital spend of **withheld Information No 1** over three years from 2025 – 2028 and revenue spend of **withheld Information No 1** over five years from 2025 – 2030.

#### Item - 9 Item for Note

The Board noted the Information Management, Corporate Operating Plan and Customer Feedback Reports for Quarter 4 2025.

#### Item 10 - AOB

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HIAL Board Meeting concluded at 15:30

Next Meeting on 27<sup>th</sup> August 2025, Stornoway

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