



Highlands and Islands
Airports Limited

Puirt-adhair na Gàidhealtachd
is nan Eilean Earranta

FINAL FOR PUBLICATION

HIAL Board Minutes – Wednesday 28 June 2023

Courtyard Marriott, Glasgow Airport

Board Attendees:

- (LJ) Lorna Jack (Chair)
- (SA) Stewart Adams (HIAL, Interim Managing Director)
- (JM) Jamie Manson (HIAL, Finance Director)
- (LS) Loraine Strachan (Non-Executive Director)
- (CH) Chris Holliday (Non-Executive Director)
- (IT) Isabel Todenhoefer (Non-Executive Director)
- (LC) Lynne Clow (Non-Executive Director)

In Attendance:

- (DS) Denise Sutherland (HIAL Head of Communications)
- (DM) Darren MacLeod (HIAL Director of Corporate Operational Support)
- (GF) George Farquhar (HIAL, Director of Airport Operations)
- (AS) Andrea Sillars (HIAL, Director of HR)
- (MB) Michael Bratcher (Transport Scotland)
- (JC) Jackie Clark (HIAL Executive Assistant – Minutes)

13:40 -14:15

- (LJo) Lynda Johnston (HIAL Head of Business Development)

HIAL Board Meeting commenced at 10:00

NXD, MD and FD only Session 10:00 – 10:45

The MD informed the Board on Operation Rebalance.

DS, AS, DM, GF and MB joined the meeting at 11:00

The Chair welcomed SA to the business.

Apologies

Apologies were received from Gary Cox.

Declaration of Interest

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

Minutes and Matters Arising

The minutes of the 26th April will be uploaded to SharePoint for approval by 7th July 23 along with an updated Matters Arising Report.

Item 4 26.04.23 – SA to review who will take on action in place of IL.

Item 6 23.02.23 – New action date of October 23

Item 1 19.10.22 – Will be picked up by new Commercial Director.

Chair's Report

The Chair updated the Board on the progress of the Loganair sale, on a meeting with Alison Irvine CEO of Transport Scotland, and provided details on her attendance at a meeting of the Public Sector Body chairs which discussed the Public Sector Reform Programme. The Chair advised she had been invited to represent HIAL at St Giles to celebrate the coronation of King Charles and had joined the HIAL team at the Transport Awards. The Chair advised the Board that Fiona Hyslop had taken over from Kevin Stewart as Minister for Transport and that local authority calls continue with good attendance.

Managing Director's Report

SA advised the Board and Executive team on the proposed changes including structure, timings and information for future board agendas which had been discussed with the Chair.

Item C – HIAL Grant Offer Letter

The Board noted the paper.

Decision: The Board were content for JM to respond to TS accepting the terms of the Grant Offer Letter.

People Committee Update

LC advised the Board that the People subcommittee had appointed the recruitment agency Odgers to search for a new Chief Executive Officer for HIAL.

The People committee met in June and discussed several HR policies and discussed how to move forward with pay & grading. In July the people subcommittee will have a follow up meeting with Hymans who are advising the Board on pensions. Areas of concern highlighted on the staff survey will be progressed when the new permanent CEO commences.

Item G – Pay & Grading

AS updated the Board on the work being carried out to revalidate the 2018 work on job evaluation and to create the road map for pay reform which was promised to the trade unions as part of the 2021/22 pay settlement. AS made a request for temporary resource to help on an exercise to update the business case.

AS advised the Board on two pilot schemes being introduced by Scottish Government for a compressed working week and a reduced working week. Given the nature of HIAL's operations the Board did not encourage the implementation of either scheme.

Decision: The Board approved the temporary resource required to update the pay and grading costing for the business case.

Item Q – HPS

JM updated the Board on the status of releasing the charge on **Information withheld No 4**. The Board was also advised of the position on the HPS Investment strategy and on the provision of pensions advice.

Decision: The Board approved the agreement of co-ordinating a response to the forthcoming consultation on the investment strategy through the people committee and approved proceeding with a tender exercise to ensure continued access to independent actuarial advice.

Company Risks

The Board noted the Company Risks Board paper. GF highlighted the challenge with staff retention on some of the island airports.

ACTION: **Information withheld No 4.**

Following a discussion on risks the Board acknowledged the work that had been carried out to improve the risk report and agreed to a change of risk reporting for future board meetings.

Decision: The Board agreed to have only the top ten corporate risks come to Board with a reassurance to the Board on lower risks.

Business Case for Approval

BC1401 – Cabin baggage X-ray Equipment

Decision: Due to capital expenditure constraints and the non-urgency of the equipment the business case was withdrawn. The Board asked the executive team to look afresh at whether this equipment would be required for Inverness in the future given it was linked to airports hitting one million departing passengers.

Papers for Approval

Item A – **Information withheld No 4** Legal Case – **Information withheld No 4**

DM reminded and updated the Board on the key points pertaining to the legal case. **Information withheld No 4.**

*Decision – **Information withheld No 4.***

The Board broke for lunch at 13:00

The Board reconvened at 13:30

Item B – Airport Airline Negotiations

LJo joined the meeting via Teams at 13:30

LJo provided an overview of the proposed charging **Information withheld No 1.**

Decision: Information withheld No 1.

ACTION: LJo to review the load factor figures provided in the Board paper **Information withheld No 1.**

ACTION: LJo to arrange a stakeholder engagement plan to discuss the future of the **Information withheld No 1.**

LJo left the meeting at 14.06.

Item D – Procurement Update

The Board noted that the weaknesses identified in an internal audit process had been addressed in the Procurement Policy. The board requested that anti-bribery, receipt of gifts and hospitality should be cross-referenced into the policy.

Decision: The Board approved the procurement policy subject to anti-bribery and the receipts of gifts and hospitality being cross referenced.

Item E – Delegated Authorities

Decision: The Board approved the changes to the delegated authorities list.

ACTION: Update the delegated authorities list on disposals to include “the higher of value or net book value” for asset disposal values.

Item F – Matters Reserved for the Board

JM advised the “Matters Reserved for the Board” had been updated with the changes requested by the Board in April. The document will be wrapped into a corporate handbook and circulated to the Board.

The Board agreed that Insurance levels should form part of the matters reserved for the board.

ACTION: Include seeking appropriate levels of Insurance within matters reserved for the Board.

Decision: Subject to the Insurance change to the document, the Board approved the Matters Reserved for the Board 2023.

Papers for Discussion

Item H – HIAL PSO Operations & Item I – DND PSO Operations

GF provided an update on the impact of rotation changes to Tiree and Barra. MB advised the current tender process closes on 30th June. The Board discussed the charging regime used for the PSO contracts. **Information withheld No 1.**

The Board noted the board paper on DND PSO Operations and that it would be brought to the DAL Board for discussion.

Item J – Sumburgh Access Control

The Board noted the update. SA and GF to look for resolution.

Item K – CAA National Aviation Safety Roadmap

The Board noted the tightening of regulations by the CAA. The Board suggested an invite be extended to Sir Stephen Hillier to attend a board meeting.

ACTION: Invite Sir Steven Hillier to meet with the HIAL Board and talk about airspace issues around the Highlands and Islands.

Item L – Corporate Operating Plan 2022/23

The Board had reviewed and commented previously on the final update on the corporate operating plan. A response was provided, and the corporate operating plan finalised. The Board requested some amendment to wording on the updates for Commercial strategy and SATE targets.

ACTION: Amend wording to the updates on commercial strategy and SATE targets.

The Board was informed that the date for the official opening of the new Barra terminal would be agreed once a café concessionaire was in operation at the airport.

ACTION **Information withheld No 1**

Item M – Environmental Update

The Board noted the paper.

Item N – Cyber Security Update

The Board noted the paper. DM advised he would bring a paper to the HIAL Audit Committee detailing cyber security audits and penetration testing. It was noted that the Audit Committee made the decision on which areas of the business would be audited annually.

Item O – HIAL Finance Update

JM provided an overview on month one financials.

ACTION: Debtor days to be included in the finance report and split by airlines and other.

Information withheld No 1.

Item P – AMSL Finance Update

The Board noted the month one financials.

Papers for Note

Item 1 – AMSL Operations Update

Noted

Item 2 – HIAL Operations Update

Noted. The Board asked for a review of the windfarm charging mechanism and for it to be included within the Commercial Report going forward.

Item 3 – Commercial Update

Noted. It was proposed that the HIAL Real Estate Manager and the Commercial Director would sit on the IABP Board on behalf of HIAL. In the interim HIAL will be represented by the Inverness Airport General Manager.

Decision: The Board approved the HIAL Real Estate Manager and the Commercial Director to represent HIAL on the IABP Board.

Item 4 – SATE 2 Update

The Board discussed the SATE 2 project and agreed that SA and GF will visit Kirkwall and review the SATE 2 project. It was noted that the SATE 2 project should come under operational and not commercial. The audit of the SATE programme requested by the Board via the Audit Committee will be received by 18th August.

Item 5 – Health & Safety Update

Noted

Item 6 – Regulatory Compliance Update

Noted

AOB

DM advised there was a draft ATMS Closure Report being collated which required the input of the Board.

ACTION: Arrange an hour meeting with the Board to feed into the draft ATMS Closure Report.

SA reiterated the details on Operation Rebalance which was approved by the Board and will run for a 12-month period.

Information withheld No 4

HIAL Board Meeting concluded at 16:30

Next Meeting on 23rd August 2023, Campbeltown

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