

HIAL Board Minutes – Wednesday 23rd August 2023

MACC Dev Officers Mess, Campbeltown

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

In Attendance:	(KO)	Kevin O’Leary (HIAL, Chief Operating Officer)
	(AS)	Andrea Sillars (HIAL, Chief People Officer)
	(DS)	Denise Sutherland (HIAL Head of Communications)
	(DM)	Darren MacLeod (HIAL Director of Safety & Compliance)
	(GF)	George Farquhar (HIAL, Director of Airport Operations)
	(GC)	Gary Cox (Transport Scotland)
	(JC)	Jackie Clark (HIAL Executive Assistant – Minutes)

HIAL Board Meeting commenced at 09:30

Apologies

There were no apologies.

The Chair welcomed KO to the business.

The Chair referred to the new format and style of the board papers and agenda and asked the board members for any feedback on the new process when the meeting concluded. SA advised going forward the board papers would be issued one week in advance of the board meeting, with no amendments thereafter unless an emergency or priority.

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 meeting on 28th June were approved and are ready to publish.

The Board discussed the outstanding matters, and the following were amended/concluded.
29.06.23 Item 1 – Remove action from list, keeping board members updated through the Operation Report Board paper.

29.06.23 Item 2 & 3 –. Update provided by SA. Action now closed.

26.04.23 Item 3&4 - Superseded. **ACTION** – 1 page report to Board required covering basic facts and figures referencing the original rationale for the purchase of the twin otters. Identify executive team member who can check inspections carried out by consultant company whilst recognising interest in ownership by a HIAL NXD.

29.06.23 – Item 6 - Date extended to Oct-23.

29.06.23 – Item 8 – Date extended to Oct-23

29.06.23 – Item 12 – Date extended to Oct-23

23.02.23 – Item 6 – Date extended to Oct 23

15.12.22 – Item 6 – Date extended to Oct 23

19.10.22 – Item 1 – Date extended to Oct 23

Chair's Report

The Chair advised her meeting with the Loganair Chair had been rescheduled to the 29th August and an update would be provided at the Dundee Board meeting. An introduction meeting with Fiona Hyslop, Transport Minister was had which SA attended where budgets and **Information withheld No 4** were discussed. The Chair provided an update on the topics raised at the Local Authority calls.

Audit Committee Update

LS updated the board on areas covered at the Audit Committee which were the conclusion of the internal audit on the new financial system, an update on the independent SATE audit, ATMS and alignment of HIAL and Transport Scotland (TS) comms, Fraud and Whistleblowing incidents reported and IABP exposure.

ACTION: KO arrange with **Information withheld No 2** a date to meet with auditors

The Board discussed the timelines around the signing of the annual accounts, the date for laying before parliament and filing with Companies House.

People Committee Update

LC provided an update on the where the people subcommittee are with the permanent CEO recruitment search and the overall remuneration package which requires approval by Scottish Government remuneration group.

The People committee had their second workshop with Hymans who are providing the board with independent pension advice on the long-term objectives of the HPS. LC will meet with the HPS Chair of trustees to discuss release of the charge held against the Inverness Terminal Building and how the HIAL board would like to move forward with the HPS. The Peoples Pension Scheme employer contribution level will be reviewed as part of a negotiating strategy to cover all strands of Trade Union demands in the 2023/24 pay award.

The Board discussed the expertise of current employer member representation on the HPS board and agreed that any future employer nominated trustee member should be reviewed by the HIAL board.

Managing Directors (MD) Report

The board noted the updates within the MD report.

SA covered the staff additions to the senior management team (SMT) for the Chief Operating Officer and Chief Commercial Officer positions and the amendment to other SMT job titles. He advised the board on recent updates on the **Information withheld No 4** legal case, staffing for Operation Rebalance, the workforce rostering plan and the SATE programme.

Following a discussion on the **Information withheld No 4** legal case and the possible potential outcomes **Information withheld No 4.**

Chief Financial Officer (CFO) Report

The board noted the updates within the CFO report.

JM provided an overview of the management accounts for quarter one and answered questions raised on the revenue forecast relating to winter schedules and non-payroll staff costs which shows a saving relating to the training budget.

ACTION: Report separate heading in board paper on operation rebalance and show separately in management accounts costs for SATE and Operation Rebalance.

Decision: The board approved the amendments to the delegated authorities list.

Commercial Report

The Board noted the updates within the Commercial Report.

The board discussed the request **Information withheld No 1.**

Decision: Information withheld No 1

The board discussed the SATE programme and the delay in HIAL grant claims being sent to UKRI. JM provided an update on the data protection issue.

ACTION: SATE1 close out report to be circulated to board members.

The Board discussed the GA commercial revenue and asked for business jet revenue to be shown separate to general aviation leisure revenue.

ACTION: Split reporting of GA revenue between Business jet income and GA leisure income and review to flow of air traffic at Wick Airport.

Following the resignation of **Information withheld No 2**, HIAL Head of Business Development, the Chair on behalf of the Board thanked her for her contribution to HIAL over the years and wished her the best for the future.

Operations Report

The Board noted the updates within the Operations Report.

GF provided an update on the Kirkwall AGL and pavement tender and the issue with training for the Inverness Airspace Change Proposal. SA commented that due to financial constraints it was important to look at secondary runways **Information withheld No 4.**

The Board discussed the reported injury to a staff member **Information withheld No 2** and noted that following the investigation any lessons learned will be shared throughout the business. The Board discussed the HIAL strategic risks and those that exceeded the risk appetite and were reassured of the treatment plans held behind each risk. It was noted that a review of the SERB and CROG structure would be undertaken.

GF advised on the components included in the **Information withheld No 4** spend this year for Sumburgh Radar replacement and would circulate a copy of the Sumburgh Radar business case around the board. GC reminded the Board that Transport Scotland had only approved the cost to tender stage.

Accountable Manager Report

The Board noted the updates within the Accountable Manager Report. DM advised the ANSP audit dates and a meeting with the CAA for Benbecula were now confirmed. Following the desktop audit, which was part of the statutory compliance activities review, where several areas were identified as non-compliant, an Infrastructure risk report is being compiled and will be available for review at the October board meeting.

The Board discussed the draft Net Zero Aviation Zone Ricardo report.

Decision: The Board discussed the draft Net Zero Aviation Zone (NZAZ) Ricardo report and agreed to formally submit the content of the report to Transport Scotland after Transport Scotland meet with the Climate Change Group in October.

ACTION: Remove HIAL commentary from the NZAZ report. DM to provide update on why HIAL are choosing Boundary option 5 detailed in the NZAZ report.

Chief People Officer Report

The Board noted the updates within the Chief People Officer Report which contained the annual 2022/23 summary of the People Management Report.

AS advised the remuneration package business case for the new CEO position had been changed and will now go for discussion to the Scottish Government remuneration Group on the 27th September. AS provided an update to the Board on the Scottish Governments 23/24 pay offer. It was noted that the HIAL budget was built on a different figure. Following on from all future trade union discussions, updates will be discussed with the HIAL People committee.

Decision: The Board noted the low levels on staff using e-learning for mandatory training and agreed that the People Committee should review the compulsory mandatory training levels in the Q1 report of 23/24.

The board noted that the requirement of customer service staff in remote islands would be reviewed through Operation Rebalance and not a voluntary severance scheme.

Communications Report

The Board noted the updates within the Communications Report.

Decision: The board approved the Modern Slavery Statement for publication on the HIAL website.

The Board noted the progress made against the Corporate Operating Plan objectives for Quarter 1.

The Board noted the customer feedback report for Quarter 1 and the trends based on passenger numbers for previous periods.

The Board asked to be kept updated on any further communication from the Scottish Affairs Committee regarding connectivity between Scotland and London airports.

The Board noted following tender exercise BIG partnership was awarded HIALs PR service from 1st September 2023.

AOB

The Chair advised she would be carrying out NXD evaluations before the next board meeting.

HAL Board Meeting concluded at 13:11

Next Meeting on 18th October, Barra

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