

DAL Board Minutes
Monday 19th December 2022 Microsoft Teams

Board Attendees: (LJ) Lorna Jack (HIAL, Chair)
(IL) Inglis Lyon (HIAL, Managing Director)
(JM) Jamie Manson (HIAL, Director of Finance)
(LS) Loraine Strachan (Non-Executive Director)
(CH) Chris Holliday (Non-Executive Director)
(LC) Lynne Clow (Non-Executive Director)
(IT) Isabel Todenhoefer (Non-Executive Director)
(GCg) Greg Colgan (Non-Executive Director)

In Attendance: (GC) Gary Cox (Head of Aviation, Transport Scotland)
(GH) Gregor Hamilton (Dundee City Council)
(DS) Denise Sutherland (HIAL, Head of Communications)
(AS) Andrea Sillars (Director of Human Resources)
(DM) Darren MacLeod (HIAL Acting Director of Corporate Operations)
(GF) Geordie Farquhar (HIAL, Director of Operational Support)
(JC) Jackie Clark (HIAL Executive Assistant - Minutes)

DAL Board Meeting Commenced at 12:30

The Chair welcomed everyone to the virtual meeting.

Apologies

No apologies were received.

The Chair informed the Board and attendees that the meeting was being recorded and the recording would be deleted on completion of the minutes. No objections were received.

Declarations of Interest

The Chair noted the usual declarations of interest. JC advised she had received an updated declarations of interest from GCg.

Minutes and Matters Arising

The Board approved the minutes from the 31 August 22, 31 October 22 and 9 November 22. The Chair advised that the accounts for year end 31 March 22 had not yet been laid before parliament with the executive team taking the action to push it along with the Scottish government as the final date of 31 December 22 for filing with Companies House was fast approaching. DS updated the board advising the accounts were due to be laid before parliament on Tuesday the 20th December.

Item 6 from 31 October was noted as now complete. JM confirmed the forecast would continue to be included within the finance board pack. It was noted Item 2 from 31 August 22 would be complete following a meeting by GH & IL on 20 December 22. All other items had a future resolution date.

Chair's Report

The Chair advised she had made contact with the Chair of Loganair to enquire on how the sale of Loganair was progressing. **Withheld Information No 1** Loganair's Chair and Chief Executive have been invited to meet with the HIAL board in February and The Chair extended the invitation to GCg to join the meeting to bring in all things DAL at the same time.

The Chair advised the Board that prior to the start of today's board meeting she had met with GCg and provided him with an update on where the business stood within the current budgetary pressures. The Chair advised that following the letter sent to the Minister fifteen weeks prior regarding the spending review outcome and budgetary constraints for HIAL's business no formal response had yet been received from the Minister. The Chair, IL and JM were keeping in contact with Transport Scotland (TS) in general on the matter and it was hopeful that following the Scottish Government budget announcement on the 15 December 22 a formal response will be forthcoming. The Chair reminded the board about the content of the letter regarding HIAL's future years budget figures which were significantly less than that required to run the eleven HIAL airports. The HIAL Board previously discussed scenarios based on the budget shortfall, focusing on lifeline services for the airports. **Withheld Information No 4.**

On a more positive note, aviation recovery for the current year has been significantly better than forecast although is not enough to close the gap.

Managing Director's Report

IL advised that JM would provide feedback on the meeting had with the TS Finance Director. **Withheld Information No 4.** The forecast will be recast between now and the end of January which will provide a better indication of the gap in budget and will be circulated to the Board.

JM provided an update on his first meeting with Kerry Twyman, Director of Finance and Corporate Services for Transport Scotland. The meeting covered the pressures on revenue and capital for the HIAL group, flexibility of multiyear settlements, lack of certainty around Public Service Obligations (PSOs) which was having an impact on long term decision making and pension reform. Although TS were receptive to our concerns, we were made aware of their own pressures across their portfolio. Capital funding will be stretched over the next three to four years, so it is important to get the capital plan aligned with HIALs strategic priorities.

GCx advised that there were two main budgets that he managed within TS which was HIAL and Other Air Services (OAS) and highlighted that there were pressures on both. **Withheld Information No 4.**

The Chair advised GCx that the HIAL/DAL Board required to know when decisions by ministers would be made which may provide a more positive outcome for HIAL's budget although ultimately the HIAL and DAL board had to be convinced that they can afford to continue operating the airports.

IL updated on pay award. Following a business case request to TS for additional flexibility over and above 5% for the pay award, IL advised TS requested further information.

GCg thanked GCx for his helpful update and asked for some sense of assurance of realistic timescales around the decisions for the other PSOs and what that might mean for Dundee. **Withheld Information No 4.**

Corporate Risks

Item 1 – Risks & Safety Update

GF provided an overview of the risk slides. He highlighted the risk on the register for Out of Hours (OOH) safety operation for Tayside Aviation. This will be drawn to a conclusion shortly with a new process implemented which will give assurance that a call out procedure will be handled safely and compliantly.

Items for Discussion by the Board

Item A – Operational Update

GF provided a brief overview of the paper highlighting recruitment issues with the fire service. Funding is available for the FIDs system and will be delivered over the next two financial years. **Withheld Information No 4.** The exercise for gathering information on the loss of EGNOS continues. GF highlighted the significant increase in cost of de-icing fluid due to the current low temperatures. The Board asked if the increased de-icing costs was passed onto the airlines. CH advised that as it was de-icing of the runways to keep the airport open it would be difficult to pass this charge on to any particular airline. GF advised that aircraft de-icing was currently charged to the airline.

Withheld Information No 4.

Item B – Environmental Update

DM provided a brief overview of the paper highlighting that the Head of Environmental and Sustainability had recently visited Dundee Airport and reviewed the controlled substances licenses. No issues were found, and a meeting was scheduled with SEPA as part of a general

update. DM highlighted the deposit return scheme charging for plastics and work is ongoing to identify the best solution for Dundee Airport.

The Chair commented that the quality and content of the paper had improved with it providing a more comprehensive picture of environmental areas which was very helpful.

Items for note by the Board

Item C – Commercial Update

The Chair asked if figures could be included within the report so that the Board can see how well the routes are doing from a commercial perspective.

Item D – Finance Update – DAL Monthly accounts

JM highlighted, and apologised for, an overtyping error in the paper and provided an update on actual costs.

The Chair asked about the increase of other operating costs and JM advised he would circulate a breakdown of the costs to the board for HIAL and DAL.

AOB

ACTION: JC to setup DAL Board meetings virtually on the Monday following the HIAL Board meetings.

The Chair wished all a very merry Christmas

DAL Board meeting concluded at 13:15

Date of the next meeting: 27th February 2023

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