

HIAL Board Minutes – Thursday 9th December, 21
Head Office, Inverness Airport & Microsoft Teams Video call

Board Attendees:

- (LJ) Lorna Jack (Chair)
- (IL) Inglis Lyon (Managing Director)
- (JW) Johanna Wallace (Finance & Commercial Director)
- (LS) Loraine Strachan (Non-Executive Director)
- (CH) Chris Holliday (Non-Executive Director)
- (IT) Isabel Todenhoefer (Non-Executive Director)
- (EH) Eric Hollanders (Non-Executive Director) - **Virtual**
- (JM) Jim McLaughlin (Non-Executive Director) - **Virtual**

In Attendance:

- (GCb) Gary Cobb (HIAL Chief Operating Officer)
- (AS) Andrea Sillars (HIAL Director of HR)
- (DS) Denise Sutherland (HIAL Head of Communications)
- (GCx) Gary Cox (Transport Scotland, Head of Aviation)
- (JC) Jackie Clark (HIAL Executive Assistant – Minutes)

10:00 - 11:30

- (CS) Charles Scales (CEO, Windracers)
- (LJo) Lynda Johnston (Head of Business Development, HIAL)
- (AR) Andrew Rae (Professor of Engineering, UHI)

HIAL Board Meeting commenced at 10:00

Spotlight Focus Session 2 – SATE/Windracers Presentation

LJo and AR presented to the Board and several stakeholders from across the Highlands & Islands area including health boards and local authorities who had joined virtually, an update on the Sustainable Aviation Test Environment (SATE) project. The presentation covered an introduction on the project, key deliverables at Kirkwall Airport including Flight Trials, further planned deliverables, delivery to date, key learnings to date, SATE 2 ambitions and route map of future ambitions.

CS introduced himself and presented on behalf of Windracers. His presentation covered three phases of their SATE journey. Phase 1 was the development of a UAV system and the benefits of UAV distribution. CS covered the trials held in 2020 which carried medical supplies to the Isle of Wight and in 2021 the trial carrying mail and medical supplies to the Isles of Scilly. Phase 2 will showcase the endurance capability of their platform with Phase 3 aiming to increase the network of routes.

The session was opened to stakeholder questions and a fruitful discussion ensued.

The presentation ended at 11.30 and the Chair advised stakeholders that they could forward any further questions direct to CS.

The Chair thanked CS, LJo, AR and all the stakeholders for taking the time to attend the presentation.

HIAL Group Board Meeting

Apologies

There were no apologies.

The Chair welcomed everyone to the meeting and advised that the Chair's Report, Managing Director's report and Audit Committee Update would be provided in the Dundee Airport Board meeting held later that afternoon.

Declarations of Interest

There were two new declarations of Interest.

CH declared he was now on the Board of The Light Aircraft Association Ltd

LJ declared she was now the Chair of the Finance Committee of the Scottish Funding Council.

Minutes and Matters Arising

The Board minutes from the previous meetings on 6th and 7th October were noted as approved by the Board and published on the HIAL website.

The Chair reminded the Board members of the deadline set for reviewing the minutes and the need to ensure any amendments are updated within the timelines provided.

Item 2 25.08.21 – Cyber Security Insurance – IL provided a verbal update confirming HIAL's cyber insurance did provide for a suitable team to be put in place should they be required and has asked the Head of ICT to discuss with the insurers the detail of how this would work in practice.

Item 10 07.10.21 - SATE - IL provided update and action now closed.

Item 16 10.06.21 – ATMS Programme Update– Action is no longer required.

Item 06 25.02.21 – Cross Mapping – Date has been rescheduled for March 22.

Item 01 07.10.21 – Risk Management – GCb to setup call with EH to discuss.

Chair's Report (Covered in DAL)

Managing Director's Report (Covered in DAL)

Audit Committee (Covered in DAL)

Item 5 – Pay & Grading – continued from 8th December

Information withheld – No 4

Decision: The Board agreed that the phased approach would not be put forward to TS and that the whole company costs should be reviewed and brought back to the Board in March.

The Chair added to the colleagues within the room that the Board understood there were issues of working with a difficult set of circumstances and were supportive in getting this work completed.

Corporate Risks

GCB provided a brief recap of each slide provided in the paper. Lessons Learned arose following a Eurocontrol virtual training session and shows the 12 most common causes of human factors and how to approach more positively. The risk appetite has been updated and finalised and was approved by the Board. The heat map and top 10 risks had one change this month, for the Kirkwall appliance bay doors, with the rest of the risk picture staying stable.

Information withheld – No 4

In terms of project risk, GCB added any project risk which is greater than our risk appetite would go into the corporate risk register and would appear on the top ten risks list. It was noted there had been a decrease in risk due to closure of several risks related to the Inverness Drainage works. The number of incidents appear to be higher in the incident overview report, but this is due to the Sphera model now being used, and therefore more detail captured. Internal Audits in Inverness are behind due to a staff restructure, Tiree has improved. Tier 2 and Tier 3 audits are ongoing.

LS added following the Audit Committee that GCB had some work to do to ensure that the language use for Risk Appetite and Risk tolerance is consistent across the company.

Papers for Approval

Item C –

Information withheld – No 1 & 4

IL advised an airline was requesting Inverness routes which were already covered by another airline. **Information withheld No 1**

Decision: Information withheld No 1

Decision: The Board agreed all airlines regardless of competition should be treated Information withheld No 4

ACTION: JW to discuss with Scott Moncrieff a Board session on the Scottish Finance Public Manual (SFPM)

Item D – Stornoway Property

IL provided a brief overview of the paper and highlighted the local authorities are supportive of the proposed plans.

EH asked if any benefit could be taken through the Island Impact Assessment. IL said he would look into it.

A question was raised on contamination by the fuel tanks and IL acknowledged there may be contamination, in which case then it would not be worthwhile developing this site due to the cost.

Decision: The Board were content to approve the appointment of marketing agents, following a fee tender.

Item E – Communications Strategy 2021 Q2

DS provided a brief overview of the paper and highlighted the strategic direction of travel. She added that commissioned photography exercises were ongoing across all 11 airports which will tell the HIAL story. Several videos already commissioned would be shown to the Board during the lunch break. DS confirmed she had incorporated all modifications suggested by Board members as this document had been circulated prior to the meeting.

DS advised a full engagement policy is to be setup at each level and will underpin the strategy.

The Chair said the strategy was a very good piece of work, structured and inclusive.

Decision: The Board were content to approve the Communication and Engagement Strategy for publication.

Item F – Procurement Structure Resource

JW provided an overview of the paper and explained the ambitious strategy focussing on supplier management and contract management which requires an increased procurement team. JW added that the 3 FTE members would pay for themselves by the reduction of costs against annual consultancy fees.

Questions were raised around setting a benchmark to measure savings and JW agreed to look into this.

Decision: The Board approved the recruitment of 3 FTE to the procurement team subject to targets being set.

Item I – Delegated Authorities

The updated table of delegated authorities was reviewed.

Decision: The Board approved the inclusion of John Craib (BEB), Laura Strathdee and Stephanie Sinclair, both (HO) at the agreed limits to the delegated authorities list.

The Board broke for lunch at 13:05 and reconvened at 13:45

Item G – Projects & Governance

Gcb provided an overview of the paper highlighting the three sections entitled Capital planning; Budget sign off and Structure. He explained the reasons for requesting to recruit Jacobs to help implement the recommendations from the Gap analysis report.

A question was raised on how Transport Scotland allocated the annual capital budget and IL explained the reasoning behind the increased budget in 20/21. The Chair commented that we should move away from an annual capital budget thinking and articulate longer term plans.

Gcb added that projects are seldom annual and if a project is not completed within the year then any unspent capital does not roll over into the next year.

IL added although we still receive annualised budgets from TS on Capital, year 21/22 was the first time HIAL were aware of what capital would be forthcoming over the following three years.

A discussion was had on recommendation one and the value it would provide. IL suggested the recruitment of an experienced infrastructure projects team member who would work through the report and start to deliver would be better value.

EH asked if any increased head count could be looked at as flexible rather than fixed and how long it would take to implement the plan and asked if launching this project would have any knock-on effects on the ability to deliver ongoing or other projects in the pipeline.

Gcb commented he had no issues with bringing in internal resource, however he felt they would be focussed on delivering next year's capital plan. The reason behind recommending Jacobs is they are the experts. Contractors are escalating issues to HIAL and there is not the people capacity to answer the questions.

The discussion was paused at 14.30 for the Dundee Board meeting and reconvened at 15.10.

EH asked if we would lose speed on the project if we were to recruit externally and lose some of the benefits raised by Jacobs. JM suggested as this project was a big transformational project it was best to keep control internally.

A discussion was had on the length of time it would take to recruit and the need to use some external help with progressing the project.

EH asked how prioritisation changes on multi-year projects would be captured. GCb advised this would be managed manually by the SMT. It was agreed that the capital prioritisation report would be reviewed at Board level every quarter.

ACTION: GCb to bring quarterly a copy of the capital prioritisation tool for review.

GCb explained to the Board the reason behind recommendation three. IL suggested that for governance any increases in project costs within this remit would be updated to the Board via a summary paper for note.

*Decision: On recommendation 1 - the Board preference was to recruit internal resource **Information Withheld No 4**, with the SMT to determine how to deliver.*

Decision: On recommendation 2 – The Board approved the endorsement of the Capital Prioritisation tool for the 22/23 capital plan

Decision: On recommendation 3 – The Board in principle agreed the flexibility of increased estimating and programme risk to be dealt with up to £250K by the Delegated Financial Authorities (DFA), anything above £250k would be paused and taken to the Board for approval. A summary report showing all changes should be taken to Board quarterly for note.

GCx left the meeting at 15.30

Item H – Airport Master Planning

GCb stated a master plan had two benefits. One was a holistic view of your assets and the second was a vehicle for consultation on what HIAL plan to do going forward. It allows rationalisation of assets, a feel for climate change and net zero and can be fed into a 10-15 year capital plan. GCb added the paper should be read in conjunction with the HIAL master plan strategy proposal which is split into two phases. Phase one focusses on the definition of the Master Plan strategy and Phase two the development of the Master plans for eight airports while reviewing the three already in place.

The Chair raised concerns about the cost of the project and how Transport Scotland's long term Aviation Strategy fits with the master plan. EH noted that alignment with Transport Scotland's Aviation Strategy was a condition mentioned in the August, 2021 Board decision. The other condition was submitting a tendered proposal.

IL advised the framework is there to avoid the need to go out to tender, however that does not mean you cannot go out to tender if you feel your framework supplier does not represent good value for money. The Chair commented that by not tendering the question could be asked if HIAL tested best value for public money.

JM shared concerns on the costs noting the plan was a good stakeholder and internal communication tool, however the staff being asked to do this were already under great pressure from other large projects and she felt it was not the right time to progress.

Decision: The board decided not to proceed with the proposal at this time. The executive team agreed to take it away and look to make the proposal more proportionate, with the aim of bringing it back to the March 2022 Board meeting.

Papers for Note

The following papers were submitted to the Board for note and in the interests of managing time, members were asked in advance to raise any questions they had prior to the meeting and have these answered out-with the Board meeting.

Item 01 – OPERATIONS – AMSL Update

Noted

Item 02 – OPERATIONS – HIAL Update

Noted

Item 03 – Commercial Update

Noted

Item 04 – Monthly Finance Update

Noted

Item 05 – Monthly AMSL Finance Update

Noted

Item 06 – Data Protection Update

IL advised the Board that the current contract for our Data Protection Officer is due to end in April 22 and a tender is currently being worked on.

Item 07 – ICT Digital Update

Noted

Item 08 – SATE update

Noted

Item 09 – Environmental Update

Noted

Item 10 – Procurement Update

Noted

Item 11 – Human Resources Update

Noted

Item 12 – Legal Update

Noted. IL provided the Board with an update on the legal action which the Board had agreed to proceed with in Dec 2020.

Item 13 – Lessons Learned Update

Noted

Item 14 – Audit Committee Update

Noted

Any Other Business

CROG & SERB meetings

It was agreed that each Board member would attend up to three meetings throughout the year. This is to be reviewed in six months to review interaction and see if there has been added value.

LS asked from a governance point of view what the role of the Board member is at the meetings. The Chair said the purpose was to add a set of NXD eyes and ears to risk and safety management.

ACTION: JC to allocate each member to dates throughout the year and circulate to Board members.

After discussion papers for the ATMS discussion should be with IL/JC by Tuesday 18th January and will be uploaded to Board on the Thursday 20th January.

The Chair wished everyone a Merry Christmas and Happy New Year.

HIAL Board meeting concluded at 16.25

Date of the next meeting: 24th January 2022 – ATMS Board Discussion, Edinburgh
1st March 2022 – Full Board, Kirkwall

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