

HIAL Board Minutes – Thursday 22nd April 2021

VIA Microsoft Teams video call

Board Attendees: (LJ) Lorna Jack (Chair)
(IL) Inglis Lyon (Managing Director)
(JW) Johanna Wallace (Finance & Commercial Director)
(JM) Jim McLaughlin (Non-Executive Director) **Left meeting at 16.00**
(LS) Loraine Strachan (Non-Executive Director)
(EH) Eric Hollanders (Non-Executive Director)
(CH) Chris Holliday (Non-Executive Director)
(IT) Isabel Todenhoefer (Non-Executive Director)

In Attendance: (GCb) Gary Cobb (HIAL Chief Operating Officer)
(AS) Andrea Sillars (HIAL Director of HR)
(DS) Denise Sutherland (HIAL Head of Communications)
(JC) Jackie Clark (HIAL Executive Assistant)
(MB) Michael Bratcher (Transport Scotland)
14:40 – 15:10 (RM) Ross McAllister (ATMS Programme Director)

Apologies: (GCx) Gary Cox (Transport Scotland, Head of Aviation)

HIAL Board Meeting Commenced at 12.30

Apologies

Apologies were received from Gary Cox.

The Chair welcomed everyone to the meeting and advised all that the meeting would be recorded on Teams and deleted when the minutes were finalised. No objections were received.

Declarations of Interest

IL noted himself as a beneficiary in the HIAL pension scheme and as a board member of IABP. CH declared an interest in work carried out for HIAL via his consultancy business. CH also declared an interest in aircraft electrification via his non-executive director role at Cranfield Aerospace solutions.

Minutes and Matters Arising

The Board minutes from the previous meeting on 25th February 2021 were reviewed and approved.

No questions were raised on Matters Arising and the Board were content with the way these are progressing.

Chair's Report

The Chair updated the board on the regular fortnightly Local Authority catch-up meetings saying good positive interactions were had. The Chair advised the one-to-one meetings with Local Authority leaders and Councillor Leaders to discuss mitigations following the outcome of the ICIA report were arranged, however OIC & SIC have advised they will not engage with HIAL until they have responses from the Cabinet Secretary for Transport post Scottish Parliamentary elections.

The Board had a discussion on the outcome of both the staff and stakeholders Board sessions from 21st April and agreed they had been very positive with discussions on recovery of economy, tourism and future environmental impact.

The Chair asked that colleagues in Communications look at how HIAL message the wider benefits of the sustainable aviation test environment being developed in KOI to the broader audience across HIAL.

Managing Director's Report

IL advised the scope of the follow-on work, which was a recommendation in the ICIA report, is ready. However, the study will not be commissioned until after the election to ensure Local Authority engagement.

IL advised the Board that the **(Redacted)**. HC intend to send out a pre-tender documentation shortly with a budget of **(Redacted)**.

(Redacted)

IL advised the Board that he would be bringing a paper to the June board on how HIAL will set the structure, resource and fund future UAV development projects.

ACTION: IL to issue a copy of the post IIA scope study to Board members

ACTION: IL to circulate overview of present airline deals

ACTION: IL to produce paper on future UAV development projects for June Board

Company Risks

Item 3 – Corporate & Airport Risks

GCB noted the Board had read the Top Ten risk report and provided a high-level overview of how the risks are scored and their current status.

(Redacted). GCb provided an update and added that there will be an opportunity at the risk appetite meeting on 12th May to discuss at what level a risk should be reviewed.

The Board noted the improvement of the HIAL risk report and thanked GCb and his team for their work on this.

Items for Approval by the Board

Item 1 – 21/22 Revenue Budget Revised

JW noted the Board had read the paper and provided a brief explanation of the amendments in the paper in relation to pension contributions, rates relief and the pay remit.

The Board had a discussion on the grant letter received from Transport Scotland (TS) and the appropriate response required to TS highlighting the reasons on the need for an increase.

MB **(Redacted)** provided context to the Board on how Transport Scotland (TS) issue the grant letter, which is based on what has been allocated by parliament in the budget act. MB advised that there is an expectation that further funding will be coming from the UK government in relation to Covid costs.

(Redacted)

Decision: The Board approved the revised revenue budget and provided a steer on the wording in response to the grant offer letter

ACTION: JW to check with Auditors for their requirements on confirming going concern position

Item 2 – INV Windfarm Radar Mitigation

JW provided the Board with an explanation of how the commercial model was produced with the proposal **(Redacted)** and answered questions from the board on commercial, inflation, risks, technology, negotiating with future wind farms and state aid queries.

MB confirmed regarding the loan versus grant funding question that **(Redacted)**. MB added that the general policy position is any company wishing to build a wind farm next to an airport should be contributing or meeting the full costs of its obligation on setting up the windfarm, however should the airport upgrade its radar later, the airport would be fully responsible for the cost of the upgrade.

IL updated the Board that there are currently up to eight wind farms awaiting planning permission.

(Redacted)

(Redacted)

The Board broke at 14:15

The Board reconvened at 14:25

Item 3 – Board Programme

IL provided an overview of his paper and the three main areas covered.

- Next 12 – 15 months of aviation start up
- Rationalise Board topics
- Formalise Dundee Airport Board

The Board had a discussion on their preference on how the Dundee Board Agenda should look and how Dundee operational risks could be handled by the HIAL Board. IL to prepare a proposal for presentation to Greg Colgan.

Board members also raised the possibility of having an annual strategy/development day that allowed them to step back from the monthly agenda and consider strategic progress.

The Chair asked if the Terms of Reference on the website for the Audit Committee were up to date and included the risk oversight.

LS agreed to some extra Audit Committees to occur this year in line with the Board meetings during operation start up.

ACTION: IL to add a strategy day to the Board calendar

ACTION: IL to prepare proposal on DAL Agenda going forward

Decision: Revised Board Programme was agreed.

Item 4 – IABP Update

IL provided an update to the Board **(Redacted)**.

(Redacted).

Decision: The Board agreed to approve an extension to the terms of loan until December 21.

ACTION: IL to look at getting a debt maturity report from IABP and take to the Board in June.

Item 5 – SATE Project Costs

JW provided the board with an explanation on the proposed updated costs being due to more detailed designs and surveys carried out and a more realistic contingency built in.

(Redacted). JW confirmed that HIAL is only responsible for delivering the infrastructure costs and confirmed that there was now a better contingency built in.

The Chair asked if the 19% grant to be provided to HIAL based on our spend is now reduced as our costs have increased or do HIAL continue to receive 19% on the increased spend. JW advised she was unclear and would check.

The Chair also took the opportunity to make it clear to the Board that CH sits as the Chair of the SATE Industry Advisory Group in his own capacity, and not as a HIAL Board member protecting HIAL's investment. That remained an obligation of the HIAL Board.

(Redacted)

Items for discussion by the board
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Item 4 – ATMS Programme Update

RM updated the Board on the progress on the Remote Towers tender assessment with the deadline being Friday 30th April. Submissions are being reviewed and three supplier tenders with technical solutions which meet our needs, will be taken into negotiations. **(Redacted)**. A paper with the results will be presented to the June Board with a supplier recommendation. RM advised that all the supplier tenders show a time frame challenge which may result in a 6 –12 month delay in the first transition which is the Inverness Tower.

A question was raised on whether scoring was purely against the existing specifications or if what was received from the supplier tenders was mapped against our scoping to ensure it was complete. RM advised the scoring was completed against the existing specifications and suppliers will have the opportunity within negotiations to put forward alternative recommendations.

The Chair asked how the engagement meeting on 8th April with the CAA had gone. RM provided an update saying the CAA had set high expectations and were requiring further details and the team are working with the CAA to fulfil these requests.

Questions were raised on the supply for the Sumburgh order and the proposal to shift the ACP timings, as well as the use of contingency on VFH radio capability and frequency. GCB updated the board on the BT and ACP questions and RM updated on the use of the contingency.

ACTION: RM to present a report for June board on the results of negotiations with tender suppliers and the associated recommendation

Item 9 – HR Update

(Redacted).

AS advised she was hopeful of bringing to the risk meeting on 12th May more information on the policies which will provide the Board with an opportunity to clarify, with the intention to have the full package signed off at the Board meeting in June.

IL updated the Board on the work that is going into looking at a more flexible commuting policy.

AS advised the Board that the industrial action ends on 17th June and anticipate Prospect will re ballot.

Re recent vacancies, the Chair reminded everyone to ensure we are applying our flexibility policy when head office vacancies are advertised, ensuring location is shown as flexible and not as Inverness as had been the case recently.

Item 5 – Commercial Update

The Board noted the paper and there were no questions raised.

Item 17 – Route Support Mechanisms

The Board noted the paper.

Questions were raised about whether there is enough internal monitoring to get HIAL through the restart phase and whether historical data is held on past deals which is reviewed to show how it benefits HIAL or the airline.

MB reminded the Board that HIAL are not permitted to use their grant funding in relation to route development and can only use commercial income.

Item 18 – HIAL Insurance Renewal

The Chair made comment on the increased costs of insurance. IL provided an update on the reasons for the increase.

Items for note by the board

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 1 - Data Protection Update

Noted

Item 2 - FINANCE - HIAL Monthly Accounts

Noted

Item 3 - FINANCE - AMSL Monthly Accounts

Noted

Item 6 – OPERATIONS - AMSL Update

Noted

Item 7 - OPERATIONS Update

Noted - MB asked what engagement HIAL has had with the Scottish Government around restarting the KLM flights to Inverness. IL advised that communication was ongoing with Transport Scotland.

A question was raised on the reply was received to the letter sent regarding EGNOS. GCb provided an update on the reply received.

(Redacted)

JM left meeting at 16.00

Item 8 - FOISA Update

Noted **(Redacted)**

Item 10 – ICT Update

Noted

ACTION: DM to schedule a two-hour session for Board Members for Cyber training

Item 11 – HIAL Strategic COVID Recovery Plan Update

Noted

Item 12 – SATE Update

Noted

Item 13 – Delegated Authorities

Noted

Item 14 – Facilities Management Update

Noted

Item 15 – Communications – Customer Feedback

Noted

Item 16 – Communications and Engagement

Noted

Item 19 – Audit Committee Minutes 24.02.21

Noted

Item 20 – HPS Update

Board noted this had been covered earlier in the agenda.

The Chair asked if there were any other questions the Board would like to raise on any of the papers. There were no further questions.

AOB

JW updated the board on cost efficiencies made on the purchase of two body scanners, rather than two individually, which had resulted in the procurement level reaching the Board threshold and requiring board approval.

(Redacted)

AS advised that the Fresson Trust are going to support some modern apprenticeships which was positively received by the Board.

A question was raised on future travel for Board meetings

ACTION: IL & JC to look at when and where future meetings in person can be held.

HIAL Board Meeting concluded at 16.11

The next Board meeting is on the 10th June 2021 and will be held virtually