

HIAL Board Minutes – Wednesday 28 October 2020
VIA Microsoft Teams video call

Board Attendees: (LJ) Lorna Jack (Chair)
(IL) Inglis Lyon (Managing Director)
(GB) Gillian Bruton (Director of Finance)
(JM) Jim McLaughlin (Non-Executive Director)
(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)
(GCx) Gary Cox (Transport Scotland, Head of Aviation)
11:45 - 12:15 (RM) Ross McAllister (ATMS Programme Director)
13:35 - 14:10 (PD) Peter Drissell (CAA Director of Aviation Security)
14:15 - 14:45 (LSh) Lee Shedden (Transport Scotland, Interim Finance Director)
(VR) Viv Roach (HIAL Executive Assistant – Minutes)
(JC) Jackie Clark (HIAL Executive Assistant)

HIAL Board Meeting Commenced

Apologies

There were no apologies and the Chair welcomed everyone to the meeting.

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 26th August 2020 were reviewed and approved.

Reference the matters arising, items were picked up within the agenda.

Chair's Report

The Chair informed the Board that herself and IL had a call with MP/MSP's on the 25th September 2020. The Chair noted that the call had been well attended with good coverage across the area and a positive response was received, praising our staff around the airports for keeping business moving at this critical time, and on HIAL's handling of issues such as Wick and Covid impacts.

There have been several island Leader calls since the last Board and a question was raised in regard to HIAL's strategy. IL confirmed that a revised draft of the Strategy incorporating Covid Recovery would be available for the December Board.

The Board were reminded that Johanna Wallace will be joining HIAL on the 30th November and that LS and CH are now trustees of the Fresson Trust. The Chair added that she had met with Jamie Conley, HIAL's Graduate Apprentice, and noted his enthusiasm and that she was very happy that HIAL were supporting the scheme.

David Martin will be retiring and his replacement, Greg Colgan, will be starting on the 7th December. Ministerial approval is required for both JW and GC positions and this is being processed.

Managing Director's Report

(Redacted)

(Redacted)

The Parliamentary Petitions Committee is now active on ATMS and IL confirmed that Loganair have advised that they have been asked to submit a response. HIAL has also been asked to respond and also intends to engage with a number of worldwide Air Traffic providers to write into the committee and provide their view of the remote tower concept. The HIAL submission includes a recommendation that the Committee engage with the CAA.

(Redacted)

Discussion has been had with Cranfield University around safety and that a safety culture study is being proposed.

HIAL's pension Scheme will be discussed at the Board on the 28th October.

(Redacted)

Audit Committee update

LS updated the Board on the meeting of the Committee on the 8th October 2020 and that a positive report was given by the auditors. **(Redacted)**

The Board approved LJ and IL to sign the representation letter and statutory accounts. The Statutory Accounts were approved via Microsoft Teams at 09:20 on the 28th October, 2020. The Chair thanked LS and the Finance Team for their work on the accounts.

ACTION: LS to provide an IABP update for the next Board meeting, in December

Signing of the Statutory Accounts

Item 1 - HIAL Annual Accounts

The HIAL statutory accounts were presented to the HIAL Board that morning and were agreed and signed.

Company Risks

COVID-19

Item 3 - Covid Company Update

The HIAL Teams are continuing to work on rosters, shifts, manning levels and opening and closing times and work will be concluded shortly. Teams have worked on different scenarios which will capture, on any one day, how HIAL could be impacted by Covid and our ability to deliver a service. These will be communicated across the company and to Transport Scotland and the Board.

An update on Loganair was given **(Redacted)**

The Board received a brief update on EasyJet **(Redacted)**

ACTION: IL to share the draft of Plan B with the Board

ACTION: **(Redacted)**

Decision: **(Redacted)**

Items for Approval / Discussion by the board

The Board asked that it be noted that they wish to see a clearer consistency with the papers that are submitted and asked senior managers to ensure this is done. They noted improvements in the quality of information presented to them.

Item 1 - BC0988 (B) MMS Equipment replacement

The Board discussed the contents of the paper. It was noted that this will ensure that HIAL are compliant to EU373 and HIAL will be certificated as an entity. The Board were advised that an amount of **(Redacted)** has gone in as additional item to the CAPEX reforecast.

*Decision: The Board approved the requested spend of **(Redacted)***

Item 2 - BC1064 Inverness Airport Radar Refresh

The Board noted the paper. GCb gave a brief overview of the contents of the paper **(Redacted)**

ACTION: GCb to discuss the Comms plan with DS around the business case.

*Decision: **(Redacted)***

Item 3 - BC0936 (B) Terminal Generator Switchgear

The Board noted the paper. GCb gave a brief overview of the contents of the paper and answered a few questions.

*Decision: The Board approved the recommendation to proceed with option 2A to replace generator switchboards MS2A & MS2B in financial year 2020/21 **(Redacted)***

Item 4 - BC1082 Hydraulic Rescue Platform

The chair reminded the Board of the background to this request. The Board noted the paper. GCb gave a brief overview and explained that BC1082 and BC1078 were linked as both refer to Sumburgh. DS informed the Board that both public and staff engagement has been made in regard to both proposals and they have been met favourably, within the community.

*Decision: The Board approved to proceed with the procurement of a fit for purpose hydraulic rescue platform complete with 2D rescue basket **(Redacted)***

Item 5 - BC1078 Difficult Environs Rescue Craft

The Board noted the paper.

*Decision: The Board approved the recommendation to replace the DERC and launch equipment at Sumburgh **(Redacted)**. This will allow the project team to proceed with the procurement process within FY20/21.*

Item 6 - HPS Update

The Board noted the paper. The Board were given an update on the ongoing work on the contingent asset and IL will report back on the work by the end of 2020. **(Redacted)** the Board were asked to provide feedback in terms of the work so far and Transport Scotland were asked to provide feedback on how this proposal would be taken forward.

The Board discussed the paper and raised questions around the Peoples Pension enrolment process and the understanding of the pension, by staff.

The Board asked for more scenarios and analysis.

GCx suggested that the Board discuss the scheme with Transport Scotland's Acting Finance Director in the afternoon session **(Redacted)**. It was noted that support from Transport Scotland would be key before HIAL move forward **(Redacted)**.

The Chair asked if a subgroup could be created in order to support IL and asked IL to give the idea some thought.

ACTION: BW to provide more scenarios and analysis for the Board

ACTION: IL to prepare a letter to send to Transport Scotland

Decision: The Board approved for IL to move forward on this subject to other options being investigated.

Item 7 - Annual Procurement Report 19/20

The Board noted the paper. GB gave a brief overview of the report. It was noted that there was a discrepancy in a figure within the report that was different to the statutory accounts in regard to passenger numbers which would need amending and it was asked if the public contracts and utility regulations will apply after Brexit, if they have been transposed into UK law and whether there could be a divergence between Scotland and the rest of the UK over time. The Board thanked **(Redacted)** and her team for all their work.

ACTION: GB to check the passenger numbers figure as stated in the procurement report, in relation to the figure shown in the statutory accounts and amend as appropriate

ACTION: EH to email GB to request further information on Item 7 of the report and will share the information with the Board (done during break)

ACTION: GB and SS to make changes to the forward plan as identified in the Procurement Report

Decision: Subject to changes the Board approved the 2019/20 Procurement Annual Report.

The Board broke at 10:30

The Board reconvened at 10:45

Item 8 - Project Finance Funding process

The Board noted the paper. GCb gave a brief overview of the paper and the recommendations looking for approval. Discussion was had by the Board and recommendations were made around monitoring and reporting on the efficiency of the new process that will be taken on board by GCb.

ACTION: GCb to create a template to bring to the next meeting

*Decision: The Board approved Recommendation 1 which allows the professional fees needed in order to bring a project to gateway 4 (tendered price) to be split out from the project and to fall under the management teams delegated financial authority, in the expectation that the fees will be under or at the **(Redacted)** ceiling*

Decision: The Board approved Recommendation 2 which will see the introduction of a projects board report that details projects under the purview of the board, alongside a health check of all other projects on the capital plan.

Item 9 - Review of Airport Charges -1st April 2021

The Board noted the paper. The Board were provided with a brief historical background on airport charges **(Redacted)**.

Due to the uncertainty around Covid, the Board felt that the proposal should be just for one year rather than two.

Decision: The Board approved the charges proposals for 2021/22. This includes a 0% increase to Landing Fee per tonne, PLS charges per departing passenger and Security Recovery Charges per departing passenger, 0% increase to other miscellaneous charges (with minor exceptions for VAT inclusive charges), increases to Out of Hours charges based on the calculation process outlined above and if a COVID vaccine is found, then an increase can be introduced.

Item 10 - CSC Building Options recommendations

The Board noted the paper. **(Redacted)** The RIBA stage 2 design works are now completed and the option to be taken into detail design required a Board decision. As the design is further refined, 3D models and walkthroughs will be made available for review and comment.

(Redacted)

Decision: The Board approved option 2 to proceed ahead with the next phase of design and delivery.

Strategic Items

ATMS Programme Update

Item 4 - ATMS Programme Update

The Board noted the paper. RM gave an update on the communications surrounding the staffing of the Sumburgh radar operation and noted that the three new members are well qualified, and a HIAL trainee manager has also been recruited.

(Redacted)

The ATMS Board representative updated the Board on the relocation of staff, the service level change for Benbecula and Wick and the projected revenue capital underspend. The People sub-committee member representative updated the Board on the 1:1's uptake. **(Redacted)**

A slide was shared with the Board titled 'Numbers Going Forward' and IL provided an overview of the slide to the Board.

The Board were given an update on IIA by DS. The draft report should be visible to the Board by the end of November. The Board will also receive update on the Parliamentary Petitions Committee which is now active. HIAL's submission will be ready on October 29, 2020.

ACTION: IL to send the 'Numbers Going Forward' slide to VR who will upload it on to SharePoint.

ACTION: DS/IL to update Board on IIA and Petitions committee progress at December Board meeting

Item 6 - HIAL Strategic & COVID Recovery Plan

The Board noted the paper. DS provided the Board with an overview of HIAL's Strategic and Covid recovery plan. The effect of the Coronavirus on HIAL and the aviation industry in general requires us to review HIAL's strategic priorities and objectives. This review is currently underway and will be completed with input from all functions of the company. **(Redacted)**, a draft report should be with the Board by the next Board meeting.

Update on Wick Airport

The Managing Director provided an update on Wick. **(Redacted)** The Board discussed the update.

Update on Kirkwall

The Board held stakeholder and staff calls, on the 27 October, for the Kirkwall area. It was added that the stakeholder call was positively received **(Redacted)**. Members found the calls interesting and useful in gauging the mood of both stakeholders and staff and acknowledged the opportunity to discuss the ATMS and to dispel any myths and other items, was beneficial. (Redacted).

The Board broke for lunch at 13:00

The Board reconvened at 13:30

Presentation for the board

Peter Drissell from CAA Aviation Security joined at 13:35

Peter Drissell thanked the Board for his invitation. He acknowledged how difficult the current Covid situation is in affecting the aviation industry and that the CAA were here to support all and that a collaborative relationship with HIAL, is key for the CAA.

He addressed several challenges including the regulated agent, who had pulled out of Inverness. With Royal Mail being unable to screen, PD expressed his appreciation that the teams had worked closely to resolve.

The Chair introduced the HIAL Board, SMT and Johanna Wallace to PD and thanked the CAA's prompt and responsive reaction to the issues which have faced HIAL.

(Redacted)

Peter Drissell left the meeting at 14:06

The Board had a brief discussion on the presentation given by PD.

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. The Board were content to have these questions and responses homologated in the minute.

Item 1 - Data Protection Update

Noted

Item 2 - FINANCE - HIAL Monthly Accounts

Noted

Item 3 - FINANCE - AMSL Monthly Accounts

Noted

Item 4 - FINANCE - ATMS Finance Report August 2020

Noted

Item 5 - FINANCE - Delegated Authorities update

Noted

The Board was joined by Lee Shedden, Acting Finance Director of Transport Scotland at 14:18

The Chair welcomed Lee Shedden and introduced the Board. LSh was invited to provide an update to the Board before discussion on the items For Note, began. LSh thanked the Board for his invitation and welcomed Johanna Wallace and wished Gillian Bruton well in her next - role.

LSh began by highlighting the financial position of 2020 and for 2021. For the remainder of this year, Transport Scotland are intending to seek the additional budget cover that is required to fund HIAL and this will be reflected in the submission to the Scottish spring budget revision. He urged HIAL to continue to work with the Transport Scotland team and added that there may be challenges in terms of potential savings HIAL may be able to offer.

LSh discussed the 2021 and the future years budget. The capital spending review has been broadly set for the next five years, which funds the ATC project and much of the activity that relates to capital maintenance. Parliamentary elections and the issue of Covid, may mean that the capital spending review budgets will be revisited. **(Redacted)**

The Chair commented that HIAL has a ten-year capital plan and believes that HIAL is currently in good shape but if the subsidy funding is threatened, it was noted that HIAL do not have many levers to work with.

GB informed LSh that the statutory accounts had been approved and she provided a summary of the financial items For Note. It was noted that the Finance team will be looking to implement a new system to replace Dynamics and detailed costs will be submitted at the December Board.

Discussion on the risk of underspend, de-carbonisation, and pension reform was had.

ACTION: JW to submit a paper on the detailed costs around the replacement of Dynamics, for the December Board.

AS gave an overview of the HR items For Note and highlighted the financial aspects in respect of the use of the furlough and job scheme at HIAL, which has helped manage costs. The HR system and payroll system will enable better collection of data and the team are at the contractual reference stage.

The pay and grading policy is continuing to be streamlined and LSh noted that as part of the budget process, the Cabinet is due to consider Scottish Governments pay policy.

Lee Shedden, Acting Finance Director of Transport Scotland left at 14:54

Item 6 - ATMS Procurement Paper

Noted

Item 7 - COMMERCIAL Update

Noted

Item 8 - OPERATIONS - AMSL update

Noted

Item 9 - OPERATIONAL update

Noted

Item 10 - FOISA update

Noted

Item 11 - HR Update

Was presented by AS when LSh joined the meeting

Item 12 - HR Update on People Management Policy

Noted

Item 13 - ICT Update

Noted

Item 14 - ICT Cyber Security Oversight Process for Aviation (CAP1753)

Noted

Item 15 - SATE update

Noted

Item 16 - IABP Update

IL gave a brief verbal updated on the IABP.

Item 17 - HIAL Strategic & COVID Recovery Plan

Noted

Item 18 - Infrastructure Services

IL gave an update on the paper. Concern was raised in regard to a potential revenue overspend. It was proposed the Board maintain the idea but suggested migration rather than wholesale change.

AOB

Board/Audit Committee meeting dates for 2021

ACTION: VR to circulate the dates

Decision: The Board approved the 2021 dates

CH asked about the Engagement of Young People/DfT Inspiring Aviation Campaign and wondered if HIAL could support the campaign in anyway. As part of the Investors in People, HIAL are developing an apprenticeship strategy which will be brought to the Board in due course. Engagement with young people is active and work is being done with the University of the Highlands and Islands.

ACTION: AS to be given time at the next Board to discuss HIAL's Youth Engagement

The Chair informed the Board that Viv Roach will be leaving on Friday 23rd October and thanked her for her support and the Chair welcomed Jackie Clark, who is VR's replacement and has previously worked for HIAL including with its Board.

The Chair and the Board thanked Gillian Bruton for all her hard work during her time as Finance Director and the strong legacy that she has left.

Gillian thanked the Board for their support and wished Johanna Wallace all the best in her new role. GB was presented with a leaving gift.



HIAL Board Meeting concluded

The next Board meeting is on the 8th December.