

**MINUTES OF THE HIGHLANDS & ISLANDS AIRPORTS LTD (“HIAL”) BOARD
HELD AT HIAL HEAD OFFICE ON TUESDAY 27TH AUGUST 2019 AT 10:00**

Board Attendees:	(LJ) Lorna Jack (Chair)
	(IL) Inglis Lyon (Managing Director)
	(GB) Gillian Bruton (Director of Finance)
	(DS) David Savile (Non-Executive Director)
	(TW) Tim Whittome (Non-Executive Director)
	(JM) Jim McLaughlin (Non-Executive Director)
In Attendance:	(MS) Mark Stuart (Director of Airport Operations)
	(GF) George Farquhar (Head of Operational Support)
	(DSu) Denise Sutherland (Head of Communications)
	(GC) Gary Cox (Transport Scotland, Head of Aviation)
	(CW) Chris Wilcock (Transport Scotland) sent his apologies.
	(SD) Shelly Donaldson (HIAL Personal Assistant – Minutes)
12:00 – 12:40	(RM) Ross McAllister (HIAL ATMS Programme Director)
13:30 – 13:50	(LT) Liz Taylor (HIAL Data protection Officer)

At 10:00 Board members met and had a member’s only discussion.

The HIAL Board meeting commenced at 10:30

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

Apologies

There were no apologies.

Declarations of Interest

IL noted himself as a beneficiary in the HIAL pension scheme and as a Board member of IABP. TW declared an interest in Inverness airport and airport fees as a customer of the airport.

Matters Arising

LJ noted that most items were closed or covered within the agenda.

Chair’s Report

LJ reported that things were going well in regards to the recruitment for the 3 to 4 non-executive Board members, with fourteen promising final applicants identified. Interviews are to begin on 2nd September with a hope for the process to be completed within two weeks.. LJ advised that the applicants may still get in contact with the non-execs at this stage.

LJ advised that she had met (by phone) with the CEO of Dundee city council to discuss the PSO for Dundee airport. Amongst other things he had updated her on contributions and funding.

Managing Directors Report

IL briefed the board on meetings had over the previous month and noted that most topics are picked up within the Board agenda.

IABP Update

IL reported to the Board that the hotel is almost complete and other buildings around the site were being erected. There is another IABP strategy day being arranged for the end of the year to discuss site details going forward. There were no questions from Board members.

Court actions

IL advised that in regards to the Stornoway Land Dispute, the appeal is ongoing with a date in September for the hearing timetable. The Board noted the update and asked to be kept updated.

IL advised that work is ongoing with Tayside Aviation in regards to the airport charges at Dundee airport. LJ reported that David Martin, member of the DAL board, has offered his assistance on this issue with an aim to resolve the dispute.

AUDIT COMMITTEE UPDATE

JM advised that the Audit Committee approved the accounts which have now been signed off. There had been a report from HIAL's internal auditor on two internal audits, one on IT systems and the other on HIAL's risk process. Both audits noted good results and the Committee noted thanks to HIAL's Head of IT and Digital Transformation and the Head of Operations on a great outcome. The Committee also noted thanks to the internal finance team for their hard work on the statutory accounts. All other items saw no change.

JM wished to note a letter received from the Scottish Government highlighting requirements in terms of quick payment to suppliers. HIAL has now changed the process to adhere to these requirements.

ATC Pay Dispute & Pay Remit

IL outlined the paper submitted to the board and advised that there was mixed feedback from the stations on the dispute. The updated offer was put to the unions and members and the ballot closes on the 4th September. There was further discussion on impacts thus far and the Board await the result of the ballot.

Strategic

Item 5 - HIAL Strategy Update

DSu advised that this item was a general update and gave a brief outline to the paper. Themes that have come out are similar to that anticipated. The Climate Emergency campaign will set a new direction and we aim to be the first regional group to be carbon neutral. Answering a query from DS, IL advised that the opportunities were substantial and this was the platform to launch an ambitious strategy capable of taking HIAL forward for the long term. There was further discussion on the Scottish Government's strategy in regards to a greener agenda for Scotland, and how HIAL could fit into this.

Item 6 - ATM Strategy Update

RM joined the meeting at 12:00 and outlined the paper submitted to the Board. An extensive response has been received to the PIN that went out and there were no issues with what HIAL is asking of suppliers. There was some discussion on the technology for the programme, connectivity and potential timescales.

On the topic of the combined surveillance centre, the board will visit a proposed site on 28th August and LJ wanted to ensure that HIAL is compliant with SG guidelines and the Scottish Public Finance Manual. GC advised that Transport Scotland have been offered to have a representative from their finance team on the programme board and that in terms of budget and funding, they are now viewing this project as a separate item within their revenue budget as of 20/21.

There was discussion on the outline business case submitted, and with the Board noting comfort with the business case, the next step is to review this with the Scottish Government. Following this discussion, feedback will be reported to the board via email, prior to the next Board meeting.

RM advised that in terms of HR, the Programme HR advisor has completed the staff one to one telephone engagement exercise, with all outstation staff given the opportunity to engage. There was further discussion on the engagement and the relocation.

Items for Approval

Item 7 - ATMS Training

RM advised that to ensure that Air Traffic Controllers can transition the operation safely and efficiently additional training courses will be required over the early part of the programme, to fully train new controllers (Ab-Initios) and to provide radar training to most current non-

Inverness controllers. There was further discussion on the current training provided and the training requirement going forward with detail given in the paper submitted.

(Redacted). LJ thanked RM for providing the update and RM left the meeting at 12:40.

DECISION: **(Redacted)** The Board asked for any material changes to the ATMS business case to come back to the Board for approval and to ensure the Audit Committee are sighted in anything asked for approval by the Scottish Government, prior to it going to them.

Item 8 - OPERATIONS AVI ramp

MS provided a business case which sought Board approval to introduce AVI ramps into the airports and provided a reminder of why they are needed. JM raised a concern of additional costs to Loganair and IL advised that they have already approved the proposal. Given timing of spend, LJ asked if there were any BREXIT risks. MS advised that the supplier is based in the UK. GB reported that this cost is already in the capital budget and Dsu advised that communications support would be provided.

DECISION: The Board approved the introduction of AVI ramps into the airports.

Item 9 - FINANCE Spending Review

GB advised that the Scottish Government requested a 4 year revenue plan as part of the Government Spending Review and she outlined the contents of the paper. This paper has been submitted to the Scottish Government and GB advised that she was asking for retrospective Board approval.

DECISION: The Board approved the Spending Review paper retrospectively **(Redacted)**.

Item 10 - FINANCE Conditions of use and Airport charges

GB advised that this review of the conditions of use and the request for approval of airport charges was earlier than normal due to a request received from the Head of Business Development to enable facilitation of airline discussions on pricing and allowing airlines to factor increases into their ticket prices for next year. The Board, having no issue with this, discussed the paper and noted that HIAL was not implementing charges earlier but that bringing the review forward would allow more notice to customers.

DECISION: The Board approved **(Redacted)** to finalise charges and determine the publication/announcement at the Board meeting in December.

Items for Note

Item 1 - Data Protection Update

LT joined the Board meeting at 13:30 to provide an update on Data Protection, covering the period 24 Apr 19 – 9 Aug 19. A discussion on requirements ensued and how these are captured within the change management process and risk register to protect the organisation.

It was noted that this would be discussed further with the Senior Management Team in due course. The remaining tasks on the GDPR action plan have been incorporated into ongoing workstreams and an update on this will be given to the Board at the next meeting in October.

LT advised that audits are continuing and HIAL still has an ongoing action from the ICO to introduce a document tracking system, work is ongoing on this.

A new regulation is being introduced to record background noise continuously in ATC towers with an aim to determine if there were any distractions in case of an incident.

GF advised that an impact assessment is ongoing at present and the data protection implementations were discussed, the Board will receive an update on this at the next meeting.

LT wished to note thanks to the Board members for using their HIAL email addresses for HIAL business and asked that they please continue to do so and delete personal email addresses from HIAL accounts. LT will provide a Data Protection update to the Board at the next meeting.

The Board noted thanks to LT, who left the meeting at 13:50.

LJ asked if there were any questions on the 'for note' items within the Board pack and the below was discussed.

Item 5 - Commercial ***(Redacted)***

Item 9 – Security

MS wished to raise an issue with weight limits and the impact on security arrangements. There was further discussion on this with MS advising that two workstreams are ongoing and that the teams were asking for Board support. The Board were supportive and GC advised that HIAL has the support of Transport Scotland also. GC advised that a letter will be sent to the DFT from Transport Scotland showing support to HIAL on this issue.

Item 11 – Environmental Update

IL advised that a meeting was had with SEPA with interim solutions given and that pre-winter operations work is ongoing.

Item 15 – HPS Update

Board noted the update. LJ wished to send a letter of thanks to the retiring Chair of the Trustees for the pension scheme from the Board, for all his hard work undertaken on behalf of HIAL.

AOB

DSu wished to bring the Board's attention to the new template for Board papers and gave a brief explanation for the change. The Board approved the change of template.

The Board wished to note that this was MS's last Board meeting. They noted thanks to MS for his service over his time at HIAL and wished him well for the future.

The Board meeting concluded at 14:15

Date of next meeting – 29th Oct Barra

PRESENTATION - SEPA

At 14:20 a presentation was given to the Board by Paul Griffiths from SEPA.

He presented on the importance of compliance, provided a background of SEPA and the Enforcement Undertaking agreement entered into by HIAL.

At 15:05, the Board Thanked Mr Griffiths and he left the meeting.

There was a brief discussion on the EU following Mr Griffith's departure and a focus session at the next meeting was requested with Board support offered.

**MINUTES OF THE HIGHLANDS & ISLANDS AIRPORTS LTD (“HIAL”) BOARD
HELD AT HIAL HEAD OFFICE ON WEDNESDAY 28TH AUGUST 2019 AT 12:20**

Board Attendees: (LJ) Lorna Jack (Chair)
(IL) Inglis Lyon (Managing Director)
(GB) Gillian Bruton (Director of Finance)
(DS) David Savile (Non-Executive Director)
(TW) Tim Whittome (Non-Executive Director)
(JM) Jim McLaughlin (Non-Executive Director)

In Attendance: (GF) George Farquhar (Head of Operational Support)
(SD) Shelly Donaldson (HIAL Personal Assistant – Minutes)

13:00 – 13:45 (AS) Andrea Sillars (HIAL Director of HR)
(CP) Catherine Palmer (HIAL Learning and Development Manager)
13:45 – 14:20 (DM) Darren Macleod (HIAL Head of ICT & Digital Transformation)

The Board meeting commenced at 12:30

Following the Board business Breakfast with stakeholders, the Board visited the proposed site for the Centralised Surveillance Centre (CSC) and requested RM to continue work to finalise the offer for the site. The Board will make a decision at the next Board meeting based on the full business case.

Two items were put to the Board for approval:

28.08 Item 1 - IABP Land purchase

The board discussed the land purchase from IABP and there was discussion on the loan agreement with IABP.

DECISION: The Board approved an offer *(Redacted)* for the purchase of land, *(Redacted)*. It was noted that this purchase would be for commercial use and would be used for Inverness airport parking.

28.08 Item 2 – Loganair Fleet

There was a discussion on Loganair’s fleet *(Redacted)*.

DECISION: *(Redacted)*.

FOR NOTE Item 14 – HR Update HR Learning and Development Presentation

AS and CP joined the meeting at 13:00 and the Board received a presentation on learning and development. CP advised that work is ongoing to review the leadership development and put training programs and a method for recording training in place. Work is also being undertaken on the competency framework, appraisals, refreshing the e-learning packages that we currently have and monitoring these going forward.

There was a discussion on identifying talent and the best way to do this, and on cultural issues and the difficulties that these can bring. AS suggested that the induction process was key and recognised that whilst there is great importance in local identity, that overall, teams should be working towards a corporate identity that would filter down to all HIAL areas and locations. LJ asked for some time with the team to discuss Board member inductions also.

GB stressed that the senior leadership team will need to have annual goals for the organisation following the publishing of the HIAL Strategy.

The Board thanked AS and CP who left the meeting at 13:45.

The Board meeting concluded at 13:45.

The Board members had part 2 of Cyber Security training with the Head of ICT & Digital Transformation between 13:45 and 14:20.