

**MINUTES OF THE HIGHLANDS & ISLANDS AIRPORTS LTD (“HIAL”) BOARD
HELD AT DUNDEE AIRPORT ON WEDNESDAY 3RD JULY 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)
	(SD) Shelly Donaldson (HIAL Personal Assistant – Minutes)
13:00 – 15:00	(RM) Ross McAllister (HIAL ATMS Programme Director)

The Board meeting commenced at 10:20 with a discussion on the previous day’s events.

DAL Presentations and discussions

The Board discussed the DAL board meeting from the day before. In regards to the PSO for Dundee airport, which is currently going through the tender process, **(Redacted)** IL suggested a HIAL Board call, regarding the PSO outcome, prior to the next Board meeting. The board agreed and specified the 26th July as a suitable time for the call.

There was discussion on the Tay Cities Deal and what would be expected of Dundee Airport Ltd. LJ proposed for DAL to have its own Strategy, separate to that of HIAL, given its potentially unique positing in the group, and if there is divergence from the proposed HIAL strategic direction. **(Redacted)**

BOARD Dinner

The board briefly discussed the private Board dinner, the night prior and the presentation given by Loganair regarding their future operations.

POST MEETING NOTE

Following the Board meeting, LJ emailed Board members asking for approval to authorise IL to explore flexibility in the policy and procedures **(Redacted)** and to have discussions with the CAA and others on this issue. The Board approved unanimously.

The HIAL Board suspended the meeting at 11:30 to meet with Dundee airport staff and the meeting recommenced at 13:00.

Apologies

(CW) Chris Wilcock (Transport Scotland) sent his apologies.

Declarations of Interest

IL noted himself as a beneficiary in the HIAL pension scheme.

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 (Covered in DAL Board meeting the day prior)

LJ reported that she had been working with the Scottish Government on the recruitment of up to four Non-Executive Directors for the HIAL board and that the recruitment advert would be posted on the Appointed for Scotland website on 11th July, with the expectation for one member to start in November 2019, the others in March 2020. As part of the marketing strategy a letter would go out in her name from the Public Appointments team to a wide range of organisations and will be promoted via the HIAL website and marketing channels. The skills/experience specification for candidates include individuals with a financial background; commercial experience; experience in aviation and digital transformation. These positions will be progressed entirely through the public appointments process with a panel sifting, interviewing and ultimately making recommendations for appointment to Scottish Ministers. Members of the panel are: Prof Alex Spencer (a Public Appointments Advisor with the Ethical Standards Commissioner), LJ and GC who will Chair the panel. LJ recorded her thanks to the three HIAL Non-Executive Directors who had agreed to be potential contacts for any interested candidate. GB asked if HIAL HR would have any direct involvement, the answer to which was no, but HIAL colleagues should encourage any appropriately experienced colleagues to communicate the opportunity widely.

LJ reported on meetings she had with Brendan O'Hara MSP to discuss the opportunities and challenges re the HIAL airports in his constituency. She had also met with Loganair with GB and IL, re their airframe replacement plans and by telephone with the Cabinet Secretary for Transport, Infrastructure and Connectivity with IL and GC re the ATC dispute.

Managing Director's Report (Covered in DAL Board meeting the day prior)

IL wished to note his thank to all those involved who aided operations in and around the 23rd May, the day of the ATC strike.

IL reported on meetings he had with the Infrastructure commission, Orkney Islands Council, the Highland Council and Western Islands Council, and advised that there was still a session to be rescheduled with Shetland Island Council.

The joint response from HIAL, HIE and HITRANS, on Aviation 2050 has now been submitted and the DfT are keen to see this collaboration and engagement continue.

A session was held with Transport Scotland, regarding decarbonising and electric aircraft, with a piece of work beginning shortly.

In near future, IL would like to arrange a focus session for the Board on security, following the NASC attended in London.

The interviews for a new Chair of Trustees for the HIAL Pension scheme have now taken place and a successful candidate identified. IL and GB confirmed, in answer to a question from the Chair, that the trust deed/rules of the HIAL pension scheme provided for the Chair to be appointed by the Managing Director as opposed to the Board of HIAL.

Sessions are being arranged with the APMs regarding the HIAL Management restructure.

(Redacted)

IABP Update

Mr Lyon update that IABP ***(Redacted)*** had embarked upon a piece of work with Turner and Townsend in regards to identifying the most efficient way of servicing the remaining sites and the additional cost involved. An IABP Strategy day has been arranged for the 4th of July 2019 which will focus on the remaining sites and a more defined structure.

The airport hotel is progressing well and will be near completion when the Board visit Inverness in August. There was discussion on the cash flow of IABP and clarification provided on expected return on funds contributed thus far.

Company Risks

Court Actions

Stornoway Land dispute

The Board noted the verbal update provided by IL on the current land dispute at Stornoway airport. The expected timing for the appeals procedural hearing is September 2019. IL informed the Board that he and the Property Manager met with two members from the Crofting Commission to discuss the dispute from HIALs perspective.

Tayside Aviation

(Redacted)

Agreed Company Risks (items 5-8)

GF explained that the risks to the Company had not changed since the last board meeting and that the process of noting the risks on the risk register, including the actions being taken to mitigate against them, remains the same.

A risk was brought to the Board's attention which involved an airline cancelling a number of end-of-day flights, which, on more than one occasion left a terminal full of passengers at a location which has little or no overnight accommodation. This matter will be discussed with the airline with an aim of finding a solution.

A number of meetings, including the Corporate Risk Oversight Group (CROG) and Safety Environmental Review Board (SERB) are overdue for a governance review of their effectiveness and suggested need for streamlining. This will be undertaken and reported to the Audit Committee.

ATC Industrial action

IL reported that he had met with Prospect Union's National Secretary for Northern Scotland and Ireland **(Redacted)**.

IL provided details of a counter offer which had been received from Prospect. The Board noted the offer but confirmed that they were still unable meet their demands as the offer given to Prospect on the 7th June 2019 was the maximum authorised by the Scottish Government. IL will call Prospect's National Secretary again this afternoon and draft a formal response.

There was further discussion on communication and ways forward to resolve the dispute.

(Redacted)

The Board agreed with IL's proposed approach and will continue to be kept updated of any developments and potential solutions to resolve the dispute.

Strategic Items

Item 3 – HIAL Strategy update

The public consultation has gone well with the online public survey having been extended twice, closing Friday, 5th July. So far, there have been 235 valid responses received, with some local authorities still to engage via a separate survey sent via email. Once analysis of all the responses received has been completed, the final HIAL Strategy document will be presented to the Board for final approval.

The Board noted the update.

Item 4 – ATMS Update

RM joined the meeting at 13:45 and outlined the paper submitted to the Board. He advised that IL was chairing the ATMS Programme Board in the interim.

Interviews have been conducted to recruit two staff members internally on a secondee basis, to the ATMS team, who will provide internal subject matter expertise from the units. Successful candidates have been selected and discussions are underway with current operations management to secure acceptable release dates.

An external vacancy notice is currently open to recruit qualified ATCO personnel and additional external subject matter experts will be brought in as required on a temporary basis.

The Preliminary detail design works for the individual work stations have now been published in draft format and the unit reps have four more weeks to review the designs with colleagues before formal publication.

A detailed study of HIAL's ATS equipment has begun which will allow for unit specific connectivity plans to be generated over the coming year and merged into the unit's overall connectivity strategy, ensuring resilient end-to-end communications links.

In terms of the finances, the programme is currently tracking to the predicted 19-20 budget. GC wished to note that Audit Scotland have shown interest in the governance of the programme. GB advised that the first Board review of the finances was today and LJ requested that the Board be kept informed of the progress on financial issues including Audit Scotland's involvement and all contact with HIAL.

The ATMS Procurement strategy was circulated within the board pack and is on-track for commencement at the end of July.

The staff engagement exercise continues and is now 85% complete, with staff keen to see offers. Only two staff members did not wish to be involved.

The Board noted the ATMS update.

Items for Approval by the board

ATMS

Item 9 – ATMS Programme Delivery

The Programme team have now taken the recommendations from the Helios report, developed then and held a series of workshops to increase the efficiency of the programme delivery, reduce costs and shorten timescales. The current ATMS plan will deliver the same essential outcomes, whilst providing increased efficiency.

RM asked the Board to approve one of the two options presented; the ATMS Baseline and ATMS current plan, ultimately recommending the latter. There was a discussion on the budget and the staffing of the programme and RM advised that the refined cost estimates would be known by September 2019. IL advised that in terms of people management, the costs have been estimated but that the change management needed refining.

DECISION: The Board were comfortable with the progress of the programme and approved the recommended option of the ATMS Current Plan.

Item 10 – Combined Surveillance Centre (CSC)

RM outlined the paper submitted and site options were presented to the Board for the CSC.

(Redacted) RM confirmed that the cost for the CSC was included within the programme delivery costings and Board would like to visit the recommended location prior to making a final decision.

In answer to a question from the Chair, GB advised that the Scottish Government may wish to put HIAL through a process to confirm that it is adhering to Scottish Public Finance Manual requirements and to ensure that there are no other publicly owned buildings that would be suitable for the centre. GB advised that she did not see an issue due to this project having such specific requirements and that HIAL is not just seeking an office building.

(Redacted)

OPERATIONS

Item 11 – Wick De-icer Proposal

With the environmental issues HIAL currently faces, the team at Wick John O' Groats airport reviewed the de-icer HIAL currently uses and proposed an alternative. The new de-icer will be tested in Wick first and if it proves successful, HIAL will then roll it out to other airports.

DECISION: The Board approved the plan and awaits the findings.

Item 12 – Engagement review of Water Fast Rescue Craft (FRC)

DSu advised that this paper was for note rather than approval and outlined the approach for engagement with local communities.

DECISION: The Board noted the plan and agreed with the timescale of late August/September for the engagement events.

Item 13 - Sumburgh Hangars 1-2-4

MS outlined the paper and the works needed on Hangars 1, 2 and 4 at Sumburgh airport. Option A; to replace rather than refurbish, was the preferred option but the tender costs are higher than that within the capital plan. GB advised that this additional cost could be built in and therefore affordable. LJ noted that projects often prove more expensive than the initial estimates and that HIAL may need to take better account of this when in the financial planning stage.

DECISION: The Board were content to approve on the basis of it being affordable within the current capital plan.

Items for Note

All items were noted by the Board with the following comments:

Item 6 – COMMERCIAL Update

IL gave an overview of the paper and noted a few challenges having risen from the double daily INV – LHR service. There was a discussion regarding Wick airport routes and GC confirmed Scottish Government support for Electric aircraft with meetings having been arranged regarding this project.

Item 7 – COMMUNICATIONS Update

LJ noted the media evaluation reporting and requested that social media monitoring be included in the report. The Board noted that a social media policy will be introduced, and social media engagement and impact will be included in the Communications update to the Board once resource is in place.

Item 9 – OPERATIONS - Customer Experience

There was a brief discussion on the findings from the Customer experience report submitted to the Board and LJ found it interesting to see passengers' priorities when travelling through HIAL airports.

Item 13 – FOI Requests 18.04.19 – 12.06.19

LJ reported that HIAL's Data Protection advisor had been in contact with her as Chair to confirm the process for reporting any sensitive information to Board members and to clarify what should be for Board members only.

AOB

In terms of Audit Committee training for Non-Executive Directors, it was agreed to wait until the new Non-Executive Directors were in post.

From August 2019, GB will submit a new paper to the Board, for each board meeting, on public sector disclosures. This will be a monthly update advising of public disclosures and payments over £25k.

DSu recommended an update is provided to staff following each Board meeting and suggested a video blog for staff on a regular basis via the HIAL Intranet. The Board approved to trial this after the next Board meeting.

The HIAL Board Meeting concluded at 16:00

Date of next meeting – 27th August 2019 – HIAL Head Office, Inverness