

**MINUTES OF THE HIGHLANDS & ISLANDS AIRPORTS LTD (“HIAL”) BOARD
HELD AT HIAL HEAD OFFICE, INVERNESS ON
WEDNESDAY 8TH MAY 2019 AT 11:30**

Board Attendees:	Lorna Jack (Chair) - LJ Inglis Lyon (Managing Director) - IL Gillian Bruton (Director of Finance) - GB David Savile (Non-Executive Director) - DS Tim Whittome (Non-Executive Director) - TW Jim McLaughlin (Non-Executive Director) - JM
In Attendance:	Mark Stuart (Director of Airport Operations) - MS Denise Sutherland (Head of Communications) - DSu George Farquhar (Acting Head of Operational Support) – GF Gary Cox (Transport Scotland, Head of Aviation) - GC Shelly Donaldson (HIAL Personal Assistant – Minutes) - SD
11:30-12:20 / 13:00-13:50	Ross McAllister (HIAL ATMS Programme Director) – RM
13:50-14:00	Darren Macleod (HIAL Head of ICT and Digital Transformation) DM
15:30-15:50	Liz Taylor (DP Officer) - LT

HIAL Board members met for a brief private discussion prior to the meeting commencing at 11:30.

Apologies

There were no 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.

Board Minutes 19.03.19 & Matters Arising

The Minutes of the meeting 19.03.19 were pre-approved via email and are already on the HIAL website.

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

Chair’s Report

This report was covered within the DAL meeting.

Managing Director’s Report

This report was covered within the DAL meeting.

Strategic Items

Item 3 – HIAL Strategy update

DSu provided a final update on preparations, final attendees and outlined roles for the HIAL strategy consultation event the following day (9th May 2019). The format remains the same as previously discussed with a presentation by Cranfield University and a video presentation on Aviation's Third Revolution by Ampaire.

A number of invitees are unable to attend due to the Island Transport Forum scheduled on the same date. IL and LJ are following up by visiting those stakeholders to engage on a one-to-one basis.

Following the event an online survey will go live on Friday 10th May, for stakeholders and the public to submit individual input to our strategy. The consultation will close after four weeks.

Following the event and the online survey, a final Strategy document and report will be submitted to Transport Scotland for approval following HIAL's internal governance process.

The Board were content with the format for the event.

Item 4 – ATM Strategy Update

RM briefed the board on the various updates.

ATMS Programme Board

The Programme Board continues to meet regularly and be productive. RM advised that the last Programme Board focussed on the status of the HR engagement activity with individual staff members, and he outlined the plan going forward.

Staff and recruitment

An internal vacancy notice (VN) has been published for existing ATC staff to join the programme and provide subject matter expertise from the units. Four applications have been received. An external VN has now had approval and will go out today.

ATM functional layout

RM reported that a first draft of the detailed design for the workstations for the Surveillance Centre is complete. Input for the preliminary design was provided by the ATC site reps and was vital for the project to move forward. The level of input from ATC staff has now been agreed and an external consultancy will be utilised to provide some of the backing

documentation for final review. The preliminary detailed design will be approved by ATC reps and submitted to suppliers within the next six weeks.

Communications and technology

A connectivity feasibility study was commissioned during March, which provided significant insight into the current connectivity picture and highlighted an improved position. The result of the study was very positive.

Connecting to fibre lines will still require significant infrastructure works, however, the recent 'Connected Communities' fibre laying has eased the burden on the Programme resilience. RM advised that a site-by-site plan is currently being developed.

The report will be published in in due course.

Finance and Procurement

RM advised that he and GB would review the finances week ending 17th May 2019 to gain a more detailed understanding of the baseline cost of the project, which will enable the planning of the phasing. This will be submitted to the next Board in July.

In terms of procurement, he advised that an updated PIN will be published week ending 17th May 2019, the Procurement strategy will be submitted to the next Board meeting and the tender activities will commence at the end of July.

The Board had no further questions and noted the update of steady progress. RM left the meeting at 12:20.

Company Risks

Item 5 – Stornoway Land dispute

IL provided an update on the current land dispute at Stornoway airport.

On 2nd May, Melbost & Brahanhuie Grazings Committee wrote to tenants at Stornoway Airport notifying that they considered them to be squatting on the land in light of the decision by the Scottish Land Court on 6th February 2019.

IL advised that the appeal of the Land Court's decision to the Court of Session is expected to be heard before Christmas this year.

IL confirmed that throughout the processes HIAL has sought to engage constructively with the Grazings Committee and have offered to meet with all involved to arrive at a mutually agreeable solution. To date this offer has not been accepted, but the offer remains open.

The Board noted the update and agreed that HIAL should seek an interim interdict and asked they be kept up to date with developments as they unfold.

Items 6-9 - Risk Management (Audit Committee Update)

JM provided the Board with an update from the Audit Committee held earlier that morning.

The Committee reviewed the pension scheme risk register submitted by Barnett Waddingham and a summary of this will be added to the HIAL risk register.

HIAL's internal auditor from Wylie Bissett joined the committee via phone and presented the findings from the Business Development audit undertaken in April and the internal audit annual report.

JM advised as to a change with the Scottish Public Finance Manual, which focussed on procurement and consultants and GB will be reviewing this.

The Fraud and Whistleblowing report was reviewed and the Committee received an executive summary of the report on the incident at Kirkwall. This is currently undergoing an internal review with DS and TW providing Board support if required. This will be brought back to the Audit Committee and Board at its next meeting.

There was no change to the matters reserved for approval by the Board.

GB advised the Committee on the asset verification exercise and there was a review of the IABP accounts.

The Board noted the Audit Committee update and items 6-9.

GF added that more detailed CAA audits are now being undertaken with a resultant increase in findings. He advised of one or two outstanding areas for CAA sign off, but all were ongoing and progress was being made.

GF advised that the next managers meeting would review the Company risks to ensure efficient delivery and alignment with full impact assessment.

Items for Approval by the board

Item 10 – Sumburgh Approach Service (APS)

RM re-joined the meeting at 13:00 and provided an update on the proposal for the provision of the Sumburgh Radar Approach Service (APS) provided by NATS from Aberdeen when it expires in 2020. **(Redacted)**

Item 11 – Combined Surveillance Centre (CSC)

IL noted a declaration of interest as an IABP Board member.

Following a site visit to a proposed location for the CSC and due to more detailed costings available, RM advised that the paper submitted to the Board was now for note rather than approval.

Discussions took place in relation to the costs of building a new centre versus refurbishing an existing property. RM advised that a final proposal for the CSC would be submitted to the next Board meeting in July. The final proposal will clarify costings and confirm if the centre will meet HIAL's strategic environmental aims.

RM outlined timescales for the project and informed the Board of the aim to have a critical design completed by the end of 2019. LJ advised that HIAL need to adhere to the Scottish Government's property guidelines and the Board would have to ensure that sufficient funding is received.

RM left the meeting at 13:50.

Item 12 - Cybersecurity

DM joined the meeting at 13:50 and outlined the Cybersecurity paper, which included a proposal to provide Board training.

DECISION: The Board approved the proposal for Cybersecurity training.

DM left the meeting at 14:00.

Item 13 – Capital Plan

GB outlined the paper. She confirmed the cost of new projects added and asked for Board approval to proceed with the new process for managing the 10-year capital plan.

It was noted that the Board approved the items on the capital plan in January 2019 and agreed they are looking for general reassurance that HIAL is prioritising & risk rating everything efficiently. They noted that specific approvals for projects over £250k require to be made individually by the Board.

DECISION: The Board approved the new process for reviewing and approving the ten-year plan and will review the plan each time the costs are finalised. Items over £250k will be submitted to the Board for approval.

Item 14 – Revenue Plan

IL advised that this was a governance item.

LJ had written to Transport Scotland on behalf of the Board concerning the 19/20 revenue budget and she has since received a response in the form of a letter of comfort allowing the HIAL Board to sign off the year's revenue budget.

GB advised that the team would need to start preparations for the 20/21 revenue budget bid from Transport Scotland and asked for timelines from them. She advised that a 10-year revenue plan was in process.

IL advised that the letter from Transport Scotland was shared with the CAA.

Item 15 - Pay Remit / ATC Dispute

Update noted within the DAL meeting under the Managing Directors report.

Item 16 - Kirkwall hold baggage

MS confirmed that this was a follow up to the paper submitted to the Board in March. There is no change to the recommendation but the report provided an update to the costings, which now included supervision and professional fees. MS reported that these fees appeared disproportionate for the Kirkwall hold baggage project and that discussions are underway with the consultants to resolve

GB noted that the total cost would need to be phased over a number of years so that the cost could be absorbed into the capital allocations.

MS asked for board approval to proceed to the design stage on the proviso that the consultants review their quote for fees.

DECISION: The board approved the recommendation of option B but were not content to approve the fees at the current rate (*Redacted*)

Item 17 - Inverness hold baggage

There were no questions following MS presentation of the paper. MS advised that the tender process was now complete and asked for Board approval to award the contract to Smiths.

DECISION: The Board approved the award of the contract to Smiths.

Item 18 – GDPR

LT joined the Board at 15:30 to provide an update on levels of compliance with data protection laws covering the period 15 Jan – 23 Apr 19.

LT advised that the audits being conducted at Dundee, Islay and in the Property department at Head Office are going well and that three data breaches had been reported. The breaches were fully investigated and following liaison with the Information Commissioner's Office, these breaches were deemed low risk and now mostly closed.

Following discussion, LT agreed to review the process for reporting breaches to the Board, which will include a risk rating.

LT advised that progress is being made with the appointment for the records manager position.

The board noted the GDPR action plan and the overarching risks to HIAL and thanked LT for her work and the update.

Items for Note

The Board requested further information/discussion on the following items presented for note:

Item 4 - HPS Update

LJ requested a Non-Executive Director be involved in the discussions, which are to be arranged between IL and the heads of the organisations written to on pension reform. JM volunteered his services for this.

Item 5 – ICT Update

More detail was provided in terms of the intention to test our systems for the level of disruption if hit by a cyber-attack. The Board were in favour after receiving assurance that the exercise would not cause any major disruption.

Item 8 – OPERATIONS - Airport Operations

A proposed change to opening hours at Wick John O’Groats airport, **(Redacted)** was discussed. MS advised that impact assessments were being carried out following the consultation process with staff and stakeholders. **(Redacted)**

Item 9 – OPERATIONS - Customer Experience

JM wished to note that HIAL is doing well against the benchmark. The Board agreed that they would take the opportunity to thank staff for their hard work.

Item 11 – OPERATIONS – Ops Support

Drainage at Wick John O’Groats airport

GF advised that that work was in progress with the supplier to improve the formula of our de-icer. Discussion is underway on the possible scope to improve environmental impact at the same time.

ATC Stornoway

The Board noted that a new SATCO had been employed at Stornoway. The applicant had cited the new ATM programme as the driver in accepting the position and was looking forward to eventually working in the CSC in Inverness.

Item 13 – HR Update

Job Evaluation

The Board noted that following completion of the appeals process, job evaluation scores have been finalised for all posts. The next stage will be to complete the pay modelling element of the process.

19/20 Pay Remit

The Board noted that HIAL would meet with the trade unions on 17th May to make a formal offer.

The Board will be kept up to date on progress.

AOB

Water Rescue Craft

The Board requested a report outlining the engagement to be undertaken with local communities and for this to be presented at the next meeting.

There was nothing further raised.

The HIAL Board Meeting concluded at 16:00

Date of next meeting – 2nd July 2019 – Dundee