

**MINUTES OF THE HIGHLANDS & ISLANDS AIRPORTS LTD (“HIAL”) BOARD
HELD AT SUMBURGH AIRPORT ON TUESDAY 19TH MARCH 2019 AT 14:00**

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 Gary Cox (Transport Scotland, Head of Aviation) - GC Shelly Donaldson (HIAL Personal Assistant – Minutes) - SD
14:00 – 15:00	Ross McAllister (HIAL ATMS Programme Director) - RM

The Board meeting commenced at 14:00

Apologies

Mr MacRae sent his apologies.

The Board wished to thank Mr MacRae for his long service at HIAL and wish him all the best in his new adventure. LJ welcomed DSu to the meeting.

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 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 2 – HIAL Strategy update

Ms Sutherland provided an update to the Board on how the HIAL strategy consultation event was progressing. The Board agreed the invite list. The Head of Business Development is currently finalising the speakers and invites will be issued shortly. The Board were content with the format for the event, which will be interactive to facilitate the discussions and feedback.

The Cranfield report will facilitate discussion at the event and following, a time limited survey will be issued to those unable to attend.

Aviation 2050

Mr Whittome attended the Aviation 2050 consultation event, arranged by HITRANS, HIE and HIAL, in Inverness last Friday. He noted some good speakers, interesting topics and that it was very useful. It was noted that the date for submission had been extended to the end of June.

Item 3 – ATMS Update

RM provided an update on the ATMS programme.

Following discussion on the paper, the Board requested that further options for the accommodation of the Surveillance Centre be presented for their consideration.

RM confirmed that he would present three options for the building to accommodate the Centre after engagement with ATCOs to gain their views and Ms Bruton to confirm costings.

Detailed information to be presented at the next Board meeting to allow a decision.

Items for Approval by the board

Item 10 – Sumburgh Radar Approach service Proposal

The current contract for the provision of the Radar Approach Service (APS) at Sumburgh provided by NATS from Aberdeen is due to expire in 2020. **(Redacted)**.

At 15:00 the HIAL Board Meeting was suspended for the DAL Board meeting and recommenced at 16:00

Item 11 – HIAL 19/20 Budget & 10 year Revenue Plan

GB advised that the finance team had examined the budget in detail and presented the final version to the Board.

GB confirmed that HIAL's spend for financial year 18/19 is correct and that for financial year 19/20 HIAL's revenue budget is facing a number of cost pressures. This includes the Scottish Government pay remit, and an increased requirement in revenue maintenance spend.

GB informed the Board that she and IL had met with the Director of Finance and Corporate Services at Transport Scotland in February to discuss the Transport Scotland subsidy for 19/20.

LJ sought assurances that all potential savings had been identified. IL confirmed that the teams had determined efficiencies wherever possible across the company for 19/20. **(Redacted)**.

Discussion took place on the review of our current operations and the possibility of different, more creative ways of providing services.

There was further discussion on the revenue budget vs capital budget and on the pay remit. GC clarified that the capital and revenue budget funding processes within Transport Scotland were totally separate and one could not be used to subsidise the other. GC also advised that he had a call scheduled with the Transport Scotland finance team tomorrow morning.

Following discussion on the change of presentation format for the HIAL 10 year capital plan, it was suggested that the same format for revenue plan be adopted. IL will pull together a working group to review the 10 year revenue plan.

The Board agreed to escalate the revenue budget **(redacted)** to ministers to discuss potential solutions.

GC confirmed the Board's proposed course of action to escalate the challenges faced by the revenue budget to ministers as the correct one.

The Chair will contact Transport Scotland to discuss the revenue pressures and challenges currently faced by HIAL and seek possible solutions. This will highlight the work currently being undertaken to improve operations and the efficiencies delivered to date.

(Redacted)

Item 12 – HIAL Group Delegated Authorities

The detail of updated delegated authority following the appointment of new members of staff was presented to the Board for approval.

DECISION: The Board approved the changes to the list.

Item 13 – Inverness Security Screening Projects

MS requested that the Board approve the level of funding, detailed in the Board paper, be brought forward into the capital plan for 19/20 for the tray return and space planning projects at Inverness Airport.

With the increase in flights at Inverness, the implementation of these projects will bring significant benefit to passenger experience at the airport. A similar tray system introduced at Southampton had transformed the processing of passengers.

DECISION: The Board approved the implementation of these projects.

Item 14 – Sumburgh Hold Baggage

MS requested the Board approve the implementation and associated works for the replacement and upgrade of the hold baggage x-ray system at Sumburgh airport.

The Board queried the financial tolerance in the paper and MS confirmed there would still be a saving in terms of the original capital plan.

DECISION: The Board approved the implementation and associated works for the Baggage X-ray machine at Sumburgh Airport.

Item 15 – Kirkwall Hold Baggage

MS presented a solution for a Standard 2 dual screen machine at Kirkwall Airport. The option presented would create additional space within the airport, which could possibly provide additional revenue.

Discussion took place on the proposal and the Board requested information on the phasing of the project.

DECISION: The Board were content to approve the solution incorporating the installation of a Standard 2 dual screen machine and associated works subject to phasing being arranged. (GB & MS)

Company Risks

Item 4 – Stornoway Land dispute

The Board noted the update provided by IL on the current land dispute at Stornoway airport.

IL advised that the Board will be kept up to date with developments as they unfold.

Item 5 – ATC Industrial action update

IL provided the Board with an update on the current industrial action by ATCOs.

HIAL continue to engage with Prospect in a bid to find a mutual solution.

IL is ensuring a direct update for staff and stakeholders is provided on a weekly basis at present. In addition, a dedicated information page on the industrial action has been created on both the HIAL intranet and website. Regular updates and FAQs have been included to ensure staff, passengers and stakeholders are kept informed.

This high level of communication and engagement will continue with updates on significant developments being provided timeously.

The Board will continue to be kept updated of any developments and potential solutions to the dispute.

Agreed Company Risks (items 6-9)

GB explained the current risks noted on the register and the actions being taken to mitigate against them.

JM questioned attendance at the recent CROG meetings and was satisfied that the correct level of attendees were on the group and the attendance at meetings moving forward.

Items for Note

The Board requested further information/discussion on a number of items presented for note:

Item 12 – Operations – Operations Support update

Wick John O’Groats Airport

TW requested further information on the water drainage issue. MS advised that this issue was still being investigated but highlighted the good compliance rating from SEPA at the airport.

The Board requested further detail on the water drainage issue be presented for discussion at the next Board meeting.

BOARD DECISION: The Board requested further information be presented at the next Board meeting.

Water Rescue Craft

The Board noted the island and community impact assessments undertaken as part of the review of water rescue craft provision. The Board agreed that a programme of community engagement be undertaken in the summer as part of the review.

Item 4 – HIAL Pension Scheme

The Board noted that an advert would be placed for a new Chair of the trustees for the pension scheme. LJ asked for clarification on who is responsible for appointing the Chair of the trustees for the pension scheme.

(Redacted)

Item 6 – Commercial Update

The Board noted the update from IL on the positive meetings held in Aberdeen last week with the oil and gas companies.

Item 7 – Communications Update

The Board noted the update and DS advised that a system to evaluate media coverage, using industry standard, will be implemented.

Item 8 – Operations – Airport Operations Update

The Board noted the update from MS.

The Board requested detail on HIAL's planning in relation to Brexit. MS confirmed that an EU exit group has been set up by Transport Scotland and HIAL feed into this group. Transport Scotland also have a communications group, which includes the main transport organisations, and HIAL are part of that group. HIAL will follow Transport Scotland communication plan for public information and staff will receive relevant information through established internal communication channels.

MS confirmed that, from an airport operational perspective, Brexit would present little change and plans in place to monitor and mitigate any impact on our supply chain.

Car Parking

The Board were pleased to note that a number of our car parks had been successful in obtaining the safer parking and disabled parking accreditation.

Item 11- AMSL & Security Update

The Board wished to note its thanks to the team at Stornoway Airport following a positive CAA inspection.

Item 14 – FOISA Requests and Response Updates

The Board noted the recent FOISA requests and responses provided. LJ confirmed that the Board did not require to see responses before providing.

AOB

In terms of Brexit, GC advised that the Scottish Government and Transport Scotland are preparing for various scenarios but there were no significant issues outstanding in relation to airports.

Board Members Only - Discussion

The Board discussed the plan presented by IL for a change to the organisational structure following the departure of the Director of Operations support.

The HIAL Board Meeting concluded at 18:30

Date of next meeting – 8^h May 2019 – Inverness (change from Barra)