

**MINUTES OF THE HIGHLANDS & ISLANDS AIRPORTS LTD (“HIAL”) BOARD  
HELD AT DUNDEE AIRPORT ON 4<sup>th</sup> SEPTEMBER 2018 AT 14:25**

<b>Board Attendees:</b>	Lorna Jack (Chair) Inglis Lyon (Managing Director) Gillian Bruton (Finance Director) Jim McLaughlin (Non-Executive Director) David Savile (Non-Executive Director) Tim Whittome (Non-Executive Director)
<b>In Attendance:</b>	Mark Stuart (Director of Airport Operations) Robin MacRae (Director of Operational Support) Gary Cox (Transport Scotland) Frances Pacitti (Transport Scotland) Shelly Donaldson (Personal Assistant – Minutes)
<b>16:10 – 16:30</b>	Scott McGarva (Barnett Waddingham)
<b>16:30 – 17:20</b>	Derrick Lang (Dundee Airport Manager)

**The Board meeting commenced at 14:25**

**Statutory Accounts**

Ms Bruton informed that the audit went well for HIAL, DAL and AMSL and there were two points to note, **(Redacted under FOISA Section 33 (1) b)**.

**Statutory Accounts HIAL**

Ms Jack asked if everyone was comfortable to sign off the accounts and the letter of representation.

Mr Savile queried how failures to meet the GDPR regulation date are being treated in the wider context. Mr Lyon confirmed that HIAL is taking a very robust approach to this. **(Redacted under FOISA Section 33 (1) b)**

Ms Jack confirmed that the HIAL Data Protection officer would be calling into the HIAL board meeting the next day, and for the board to raise any queries in relation with GDPR, at that point.

Mr Martin stressed that Board and staff training on GDPR and reviewing breaches at Board level is very important. Ms Jack confirmed that the HIAL board would be provided with additional training in December 2018.

Ms Bruton confirmed that the accounts, once signed, would be laid before parliament and uploaded to the HIAL website on Fri 7<sup>th</sup> Sept 2018, and advised the board to expect press queries next week. HIAL's PR Company has been informed and Ms Bruton will confirm that they are ready to deal with press queries.

**(Redacted under FOISA Section 33 (1) b)**

Mr Cox updated the board that the Minister has noted the accounts.

There were no questions or issues raised and the HIAL board approved sign off.

**Statutory Accounts AMSL**

Ms Jack asked if everyone was comfortable to sign off the AMSL accounts and the letter of representation, there was nothing to note on this item.

**The HIAL board was paused to sign the HIAL and AMSL group accounts at 14:30**

**The Board recommenced at 15:00.**

**Apologies**

There were no apologies.

**Declarations of Interest**

There were no conflicts of interest noted.

**Matters Arising**

There were several items carried over and Ms Jack advised that most items were covered under the 2-day board agenda. To see matters arising list for details

**FINANCE**

**Item 1 – HIAL Group Statutory Accounts**

The Group Statutory accounts were signed off at the start of the meeting.  
From the DAL board minutes:

**Chair's Report**

Ms Jack covered most of her report in the DAL Board meeting prior:

*Ms Jack advised that the Cabinet Secretary for Transport, Infrastructure and connectivity was invited to the board dinner that evening, but could not attend due to other commitments. Ms Jack also updated that she and Mr Lyon would be meeting with him on 13<sup>th</sup> Sept for an introduction and quarterly catch-up.*

*Ms Jack updated the board on the HIAL Chair recruitment, that applications had closed on the 3<sup>rd</sup> Sept 2018, the process will run through October with an aim to have the new Chair in post by 1<sup>st</sup> Nov 2018.*

**(Redacted under FOISA Section 33 (1) b)**

There was a further update for the HIAL Board:

Ms Jack advised that she had a positive engagement with the AGS CEO.

Ms Jack informed the board that she and Mr Lyon would be heading to Shetland to present to the Shetland Islands Council on ATM on the 12<sup>th</sup> of this month.

### **Managing Director's Report**

Mr Lyon covered his report in the DAL board meeting prior:

#### Strategy Consultation Document

**(Redacted under FOISA Section 33 (1) b).** *Mr Lyon confirmed that HIAL would consult with local stakeholders once the consultation document is agreed.*

#### Commercial Report

**(Redacted under FOISA Section 33 (1) b).** *Mr Lyon confirmed that discussions and work would begin shortly with the current PSO concluding in April 2019.*

**(Redacted under FOISA Section 33 (1) b).**

### **HR**

#### **Item 2 - HPS Update**

Mr Lyon advised that he had asked Mr McGarva to present to the board for governance purposes and to give the board reassurance that essential management structures are in place at the actuary after having a key individual leave.

He informed the board that it was the intention of Barnett Waddingham to begin a tender process for the actuarial function next year and to test the market. Ms Bruton confirmed that she had no issue with Barnett Waddingham in terms of how they govern the scheme and that they are very professional **(Redacted under FOISA Section 33 (1) b).**

Mr McGarva, the HPS actuary from Barnett Waddingham joined the meeting at 16:10.

Mr McGarva outlined Barnett Waddingham's values, what they offer and advised that they had been looking after the HIAL Pension scheme since 2003. He informed the board that Mr Kennedy, partner and scheme actuary, had left Barnett Waddingham for new challenges and talked through the personnel changes within the scheme. Mr McGarva confirmed that he had moved up as scheme actuary and that Paul Hamilton has taken over the partnering role. **(Redacted under FOISA Section 33 (1) b)**

The board noted Mr Lyon's interest as a member of the pension scheme and the updates from Mr McGarva. **(Redacted under FOISA Section 33 (1) b)**

### **Dundee Local Developments**

#### **Item 4 - Presentation by Derrick Lang**

Mr Lang joined the meeting at 16:30 to present on local developments in and around Dundee. He outlined a number of developments, which included the waterfront regeneration and the V&A museum, the Marina and a concert venue. He noted tourism highs, which included golf and karate events within the city.

He mentioned the Tay cities bid with 52 projects and Dundee airport having two of these. There have been a number of joint marketing campaigns; food lovers, #sunnydundee, golf, the Scottish Hygge.

The airport business had enjoyed an upturn in GA private traffic, due to golf, shooting & leisure interests, return customers and estate owners (South African, European and American) and noted that local businesses are using a broker on a regular basis.

**(Redacted under FOISA Section 33 (1) b)** He also informed that Fuel sales are up, **(Redacted under FOISA Section 33 (1) b)**.

#### **Any Other Business**

There was no other business for discussion.

**The meeting concluded at 17:20 to be continued the following day**

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**Date of next meeting – 5<sup>th</sup> Sept 2018 at Dundee airport**

**MINUTES OF THE HIGHLANDS & ISLANDS AIRPORTS LTD (“HIAL”) BOARD  
HELD AT DUNDEE AIRPORT ON 5<sup>th</sup> SEPTEMBER 2018 AT 0900**

<b>Board Attendees:</b>	Lorna Jack (Chair) Inglis Lyon (Managing Director) Gillian Bruton (Finance Director) Jim McLaughlin (Non-Executive Director) David Savile (Non-Executive Director) Tim Whittome (Non-Executive Director)
<b>In Attendance:</b>	Mark Stuart (Director of Airport Operations) Robin MacRae (Director of Operational Support) Frances Pacitti (Transport Scotland) Gary Cox (Transport Scotland) Shelly Donaldson (Personal Assistant – Minutes)
<b>Via Phone</b>	Liz Taylor (HIAL Data Protection Officer) 09:30 – 10:00

**The Board Meeting Commenced at 09:00**

**Apologies**

There were no apologies.

The Board reflected on the discussion that they had with stakeholders during the board meal the previous night (**Redacted under FOISA Section 33 (1) b**). Mr Lyon confirmed that discussions need to be had with the Dundee city council, the DFT and Transport Scotland (**Redacted under FOISA Section 33 (1) b**).

A lack of route marketing on the PSO was also an issue that was raised and Mr Whittome asked whether it was possible to put this into the contract as one of the conditions for the PSO.

(**Redacted under FOISA Section 33 (1) b**). Mr Whittome thought that there may be merit to approach individual large companies within Dundee with regards to business travel. Ms Jack asked the board if they were content that HIAL had exhausted the market in terms of an international connection such as Amsterdam and there was further discussion on this. Ms Jack asked that going forward, when the board visit an airport that time be made on the agenda to meet with airport staff.

It was noted, for Dinners going forward, to have other staff from the airport and airline personnel attend.

(**Redacted under FOISA Section 33 (1) b**).

## **Items for Note by the Board**

### **FINANCE**

#### **Item 1 – HIAL Monthly Accounts**

Ms Bruton confirmed that in terms of revenue HIAL is currently in a good position; however, the forecast is still showing a **(Redacted under FOISA Section 33 (1) b)** gap. Finance will continue to forecast each month, but this is a pressure. In terms of the **(Redacted under FOISA Section 33 (1) b)** capital budget, HIAL is still on target, but the X-Ray baggage project is a large cost **(Redacted under FOISA Section 33 (1) b)** for this year, which needs attention, this is on the agenda for approval from the board later today.

There are a number of projects being made ready to implement in year in case of a last minute budget increase. Ms Bruton confirmed that she is working with Transport Scotland to look at funding for 2019/20. **(Redacted under FOISA Section 33 (1) b)**.

#### **Item 2 – AMSL Monthly Accounts**

Ms Bruton updated that the pay remits have gone through.

### **GDPR Update - CALL**

This item was moved to the HIAL board day 2 agenda due to time constraints on day 1.

#### **Item 3 (day 1) – Data Protection update**

Ms Taylor, HIAL's Data Protection officer, joined the meeting via phone at 09:30.

Ms Taylor provided an update on the data breach that was reported to the regulator, this was not as serious as first thought as there was not much information in the email box breached. The person(s) who breached that email box managed to get access to contacts but not company or personal information as far as HIAL can establish.

**(Redacted under FOISA Section 33 (1) b)**.

A number of complaints have been received by HIAL and Ms Taylor suggested including data breach complaints in her usual report to the board each quarter. Mr McLaughlin asked how individuals would know the process for complaining about their data, Ms Taylor confirmed that this is on the website and if there were a data breach, each person would be contacted individually.

Ms Jack confirmed that she was comfortable that HIAL has covered this risk and taken reasonable steps to resolve and prevent such incidents.

Ms Taylor confirmed that she would be joining the board in Dec to provide Data Protection training along with the Head of ICT for the HIAL Board.

**(Redacted under FOISA Section 33 (1) b).**

Ms Taylor left the meeting, via phone, at 10:00.

**(Redacted under FOISA Section 33 (1) b).**

## **OPERATIONS**

### **Item 3 – Airports General**

**(Redacted under FOISA Section 33 (1) b).**

#### Islay Staffing

Mr Lyon advised that HIAL's HR Director has been working closely with the team and that there will be a paper for the next board meeting. **(Redacted under FOISA Section 33 (1) b).**

He confirmed that there is a workshop scheduled on 11-12<sup>th</sup> Oct to review with third parties their requirements from the airport in order to inform any development works going forwards.

**(Redacted under FOISA Section 33 (1) b).**

### **Item 4 – Customer Experience**

Mr Stuart outlined the paper and noted that the customer experience strategy will be incorporated into the overarching HIAL strategy. **(Redacted under FOISA Section 33 (1) b).**

Ms Jack wished to note that Inverness won best Scottish airport in Which? Magazine's passenger survey. She congratulated and thanked the airport team for their hard work.

### **Item 5 – AMSL & Security**

**(Redacted under FOISA Section 33 (1) b).**

### **Item 6 – Operations Support**

Mr MacRae wished to provide an update in terms of the ATMS plan and advised that this was going to the programme board the following day for decision.

**(Redacted under FOISA Section 33 (1) b).**

The board noted the Operations papers and were comfortable with progress.

**(Redacted under FOISA Section 33 (1) b).**

## **ATMS UPDATE**

### **Item 11 – ATMS Report**

Mr MacRae advised that the airport visits have been continuing. Mr MacRae confirmed that HIAL still needs to continue with recruitment and retention for the near future.

**(Redacted under FOISA Section 33 (1) b).** Mr MacRae confirmed that HR are looking at practical steps the Company can take to minimise staff turnover between now and project transition.

**(Redacted under FOISA Section 33 (1) b).**

The ATMS team will be located off site under a new lease with Great Glen house, in Inverness and this will come out of the ATMS budget as part of that project. Mr Lyon stressed that HIAL will have to enter into an agreement relatively soon as to where the new ATMs centre will be.

**(Redacted under FOISA Section 33 (1) b).**

### **Item 7 – Risk Management papers**

Mr MacRae briefed the board on what was discussed at the audit committee in terms of Risk management.

Mr McLaughlin wished to note that the X-Ray hold baggage was also discussed, with a requirement to note the issue in Sumburgh also. Mr Stuart confirmed that the 1 in 10 search would be required at Sumburgh in the event that the project was not delivered on time.

**(Redacted under FOISA Section 33 (1) b).**

In terms of SEPA and the EU duration, **(Redacted under FOISA Section 33 (1) b).** HIAL has now done the initial work, sought comment from SEPA informally and that feedback had now been received. **(Redacted under FOISA Section 33 (1) b).** Mr MacRae advised that he would provide an update at the next Board meeting in Tìree.

**(Redacted under FOISA Section 33 (1) b).**

## **ICT**

### **Item 8 – ICT Update**

There were no questions on this and the Board noted the paper.

Ms Bruton updated that there had been a good Strategy session held with the SMT last week and that IT involvement was key.



## **HR**

### **Item 9 – IIP Update**

There were no questions on this and the Board noted the paper.

## **COMMERCIAL**

### **Item 10 – Commercial Report**

#### Oil and Gas

**(Redacted under FOISA Section 33 (1) b).**

#### IABP

Mr Lyon outlined the paper, noting that the hotel was great progress and would bring a lot to the park. Mr Savile asked if HIAL would receive income from the hotel, Mr Lyon informed that this all goes through IABP and Mr McLaughlin wished to note that the audit committee would be monitoring this.

Ms Jack asked about a press story that appeared relating to a possible hotel at Sumburgh airport and it was noted that there were no plans at present.

#### Loganair

Mr Lyon provided an update on Loganair's routes **(Redacted under FOISA Section 33 (1) b).**

Mr Cox wished to note that the Inverness to London Gatwick route was performing well.

## **Items for Board Approval**

### **STRATEGY UPDATE**

#### **Item 12 – Strategy Consultation Document**

Mr Lyon noted that there were some typo's within the document and asked the board to email Ms Donaldson with any suggestions or changes they wished to implement by the start of next week.

Ms Jack pointed out that, in her opinion, the wording in the draft document did not have the same impact in regards to developing our staff as previous versions and aiming for HIAL to be a 'best in class' employer had been lost somewhere  
She also wished to note that there was nothing in the document on HIAL's ATM project.

Mr Lyon advised that there would be a consultation with stakeholders once the consultation was underway.

Ms Jack informed the Board that she and Mr Lyon would meet with the new Cabinet Secretary for Transportation, Infrastructure and Connectivity next week to discuss strategy and the ATM Project.

**(Redacted under FOISA Section 33 (1) b).**

DECISION: The board felt that a little more work was needed on the document but were content that it was almost complete.

## **HR**

### **Item 13 – Relocation Policy Update**

Mr Whittome asked how the policy was viewed by Transport Scotland and Mr Lyon confirmed that the base for the policy came from Transport Scotland.

**(Redacted under FOISA Section 33 (1) b).**

DECISION: The board approved having a relocation policy, but that further work was needed **(Redacted under FOISA Section 33 (1) b).**

## **Security**

### **Item 17 - Inverness Standard 3 Hold Baggage**

The board were asked to approve **(Redacted under FOISA Section 33 (1) b)** spend in terms of the Inverness Hold Baggage project. Timing remained critical.

Mr Stuart asked whether the board were content for HIAL to move to the next phase in this project, which is the tender process.

**(Redacted under FOISA Section 33 (1) b).**

DECISION: The Board did not approve the implementation but approved moving the project forward to the tender process.

## **FINANCE**

### **Item 14 – Capital Plan**

Mr Lyon proposed changing how the 10-year capital plan is presented **(Redacted under FOISA Section 33 (1) b).**

## **BREXIT**

### **Item 15 – Brexit**

Mr Lyon wished to discuss the implications of Brexit and Mr Whittome asked if anyone suspected a regulatory risk. Mr Stuart pointed out that this would apply to every airport in the country. Ms Jack wished to note that October is a critical time and that Transport Scotland

are looking for more clarity, with discussions planned with the DFT. **(Redacted under FOISA Section 33 (1) b).**

## **Any Other Business**

### **Item 16 – Proposed Board meeting dates 2019**

It was noted that the 2<sup>nd</sup> July would be too early to hold the board meeting to sign off the accounts for next year and it was agreed to arrange a meeting for the week commencing 27<sup>th</sup> Aug and for that meeting to be in Inverness.

**(Redacted under FOISA Section 33 (1) b).**

### **Board member Appraisals**

**(Redacted under FOISA Section 33 (1) b).**

### **Risk management - operational margin impacting safety performance**

Mr MacRae advised that he is looking at training for the board members on risk management and operational safety margin impacting safety performance; he is reviewing dates and will bring a proposal to the next board meeting.

### **Security comb congestion**

Mr Savile raised the issue of congestion within the security comb at Inverness airport and proposed reconfiguring. Mr Stuart indicated that the process and configuration of the pre search area had been reviewed and adjustments made. This would be reviewed again, however the cost of implementing new cabin baggage search systems was considerable and the business case would need to be made.

## **12:14 HIAL Board Meeting concluded**

**Date of next meeting – 23<sup>rd</sup> Oct 2018 in Tiree, venue tbc**