

**MINUTES OF THE HIGHLANDS & ISLANDS AIRPORTS LTD (“HIAL”) BOARD HELD
AT STORNOWAY AIRPORT ON 8th MAY 2018 AT 10:30**

Present	Ms Lorna Jack Mr Inglis Lyon Ms Gillian Bruton Mr Jim McLaughlin Mr Tim Whittome Mr David Savile	Chair Managing Director Finance Director Non-Executive Director Non-Executive Director Non-Executive Director
In Attendance	Mr Mark Stuart Mr Robin MacRae Mr John Nicholls Mr Gary Cox Mrs Shelly Donaldson	Director of Airport Operations Director of Ops Support, HIAL Transport Scotland Transport Scotland PA HIAL (Minutes)
Via phone	Ms Andrea Sillars Mr Darren Macleod	Director of HR Head of ICT

The Board meeting commenced at 10:30.

Apologies

There were no apologies

Matters Arising

Ms Jack went through the HIAL matters arising and these were noted.

Mr Cox updated the board with word from the Transport Minister via email on the Budget Letter. He advised that the Minister had noted HIAL’s proposals to reduce costs but had not yet responded to the specific questions requiring.

(Redacted under FOISA Section 33 (1)b)

Chair’s Report

Ms Jack updated the Board on the introduction of car parking charges to be implemented at 3 airports in July. She confirmed that she had met with local authority officials in Sumburgh.

Ms Jack also provided feedback on **(Redacted under FOISA Section 33 (1)b)** the event at the University of the Highlands and Islands regarding the remote tower project, stating that

further visits to the remote tower centre in Swanwick are to happen in May **(Redacted under FOISA Section 33 (1)b)**.

Ms Jack informed that the successor to Ms McMillan contacted Ms Jack to arrange a follow-up meeting and that this was to be arranged.

Ms Jack outlined on the recruitment process for the new HIAL Chair, she confirmed that this was progressing and will be advertised soon **(Redacted under FOISA Section 33 (1)b)**. Ms Bruton voiced concern over this very important time for HIAL and Ms Jack offered the board's assistance in the process should it be needed.

Ms Jack informed the board that she would be distributing appraisal forms to board members and would be conducting annual appraisals in due course.

(Redacted under FOISA Section 33 (1)b)

Mr Lyon asked the board members to direct staff to the survey being carried out by my colleagues at EKOS.

(Redacted under FOISA Section 33 (1)b)

The issue of the project board was raised and Mr Lyon suggested that it was important for the union staff representatives to be on the project board to ensure that everyone has a voice and to involve staff at every stage. Mr Whittome gave feedback from his visit to the Remote tower centre in Sundsvall. **(Redacted under FOISA Section 33 (1)b)**

Managing Director's Report

Mr Lyon informed the board that he met with a local authority colleague in Orkney last week concerning the car parking charges and that they want to see the practical benefits that this move will bring.

Mr Nicholls joined the meeting.

Strategy Report

Mr Lyon informed the board that he, Mr Savile and a colleague from Cranfield had been working on the HIAL Strategy over the past few days and that he had distributed the consultation document to the board that morning. He asked for feedback from the board and to approve the consultation document via email and Mr Savile outlined what they had focussed on when doing the work.

(Redacted under FOISA Section 33 (1)b)

ITEMS FOR NOTE BY THE BOARD

FINANCE

Item 4 – HIAL Monthly Accounts Summary

Ms Bruton informed the board that from a revenue point of view, HIAL had performed well and that it was very close to the spend target.

With regards to the capital spend the gap was still significant **(Redacted under FOISA Section 33 (1)b)** but this had come down **(Redacted under FOISA Section 33 (1)b)**.

The board recognised the great effort involved and thanked the Finance team.

The Board noted the update.

Item 5 – AMSL Monthly Accounts Summary

Ms Bruton advised that there was nothing particular to note in regards to this paper.

Item 6 – HIAL Group Delegated Authorities register

Mr Whittome raised a query in regards to the contracts with the airlines and where Mr Lyon's delegated authority falls and Ms Bruton agreed to make a specific mention to airline contracts in the Delegated Authorities register and also customer discounts.

(Redacted under FOISA Section 33 (1)b)

The Board noted the update.

OPERATIONS

Item 7 – Airport Operations

Mr Stuart noted that in the 2nd quarterly report the ASQ ranking changed from 6th to 8th but that the rating remained the same.

(Redacted under FOISA Section 33 (1)b)

Mr Whittome raised an issue at Inverness airport in regards to passengers getting off planes **(Redacted under FOISA Section 33 (1)b)** It was agreed that something needs to be done as the business picks up and apron space was also highlighted as a potential issue. Mr Lyon proposed getting this ready as a shovel ready project and bringing the budget set aside for 2023/24 forward.

(Redacted under FOISA Section 33 (1)b)

Mr Lyon updated the board on the works recently completed at Inverness in the disabled area and wished to thank Ms Emma Pearce for all her hard work on this. He informed that a new washroom with state of the art facilities had been introduced and that this was also open to the whole community as one of 3 facilities in the Inverness area.

The board also wished to note thanks to Ms Leslie Still for all her hard work in Sumburgh.

(Redacted under FOISA Section 33 (1)b)

The Board noted the update.

Item 8 – AMSL Security

Mr Stuart advised that the airports are maintaining standards and following the processes across the patch. This has been reinforced with all staff and they are also maintaining awareness of other responsibilities around the airport, not just within their section of security.

Mr Stuart wished to note a good result for Islay **(Redacted under FOISA Section 33 (1)b)**

The Board noted the update.

Item 9 – Car parking charges

Mr Lyon updated the Board regarding the feedback received to the announcement of the implementation of car parking charges at Stornoway, Sumburgh and Kirkwall. He confirmed that the consultation with airport users had been completed and that HIAL were awaiting the results. **(Redacted under FOISA Section 33 (1)b)** Ms Jack stressed that HIAL should communicate positively in regards to possible further concessions and that HIAL should look at meeting with local authorities to work together to improve bus services at the islands.

(Redacted under FOISA Section 33 (1)b)

Mr Stuart appeared before the audit committee to review the project governance and budgetary controls. Mr Stuart confirmed that the project structure looked good and was confident with the controls in place, **(Redacted under FOISA Section 33 (1)b)**.

The Board noted the update.

HR

Ms Sillars joined the Board via conference call at 12:05pm

Item 13 – Investors in People update

Ms Sillars informed the board that HIAL is making progress in the development of the HIAL Strategy. The senior management team are engaging with the staff in the form of workshops being rolled out at the airports and the teams are being asked to develop plans within their areas.

With regards to the Head office building capacity, HIAL's property consultant has submitted a proposal to Mr Lyon and the SMT, this however did not meet expectations and the team will respond with comments.

Ms Sillars wished to thank the board for signing off the job evaluation project, which was approved at the previous board. Ms Sillars is now in the process of kicking this off, beginning with simplifying the pay and grading structure.

Ms Jack asked if any feedback had been received in regards to the Gender pay gap, Ms Sillars confirmed that there had not been any feedback or enquiries.

Ms Bruton gave an update that in regards to the pay remit, Ms Sillars was leading the meetings with the unions (**Redacted under FOISA Section 33 (1)b**). Ms Sillars confirmed that HIAL has the first formal draft of what the unions are expecting, that being said, the unions are quite understanding of the position HIAL faces.

(Redacted under FOISA Section 33 (1)b)

The Board noted the update and Ms Sillars left the call at 12:20.

II

Mr Macleod joined the board via conference call at 12:23.

Item 14 – ICT Update

Mr Macleod wished to update the board on 2 key areas, the first being the work undertaken improving the ICT infrastructure at Inverness and Kirkwall airports and the second being cyber security. Mr Macleod outlined the ICT paper with Ms Jack querying what the biggest cyber security risk is that HIAL faces and if we can insure ourselves against such risk. Mr Macleod advised that the biggest threat that HIAL faces is its people and the need to educate everyone on safe email practices. He suggested penetration testing using a third party and confirmed that he is looking into this currently. Mr Lyon confirmed that HIAL does not have a specific policy insuring against cyber-attacks but that he would check what we do have in place.

(Redacted under FOISA Section 33 (1)b)

Mr Savile asked if HIAL had detected any foreign threat and could this pose a significant threat to the remote tower and ATS works. Mr Macleod confirmed that no foreign threat had been detected and that mainly this was in regards to cutting off information as opposed to controlling it and that the threat was minimal with minor disruption to services rather than a real threat to the company.

(Redacted under FOISA Section 33 (1)b)

Further discussion ensued on this matter and the issue of current Wi-Fi provision at airports for the public. Ms Jack asked whether there could be a collaboration with local councils in regards to sharing public Wi-Fi services.

The Board noted the update and Mr Macleod left the call at 12:36

ATM

Item 10 – Remote Tower Project update

Mr Lyon confirmed that HIAL will advertise shortly for the Project Director role and that this will be a full time position based in Inverness.

(Redacted under FOISA Section 33 (1)b)

Mr Cox confirmed that this was to be viewed as a stand-alone capital project and that the budget for it would be kept separate from the normal HIAL capital budget. He confirmed that the support was there from the Scottish Government following briefings for officials and the Transport Minister which was carried out by HIAL and its consultants.

(Redacted under FOISA Section 33 (1)b)

The Board asked for a timeline of Board approvals throughout the project and Mr Lyon roughly outlined the below with the aim to update at the next board:

July 2018	Decision on Location of Remote Tower Centre
Dec 2018	Scope and contract guidelines
Jan 2019	Tender process begins

(Redacted under FOISA Section 33 (1)b)

Mr Lyon advised that the job descriptions for the team are with the Director for HR and would be advertised on the HIAL website in the next couple of week through a specialist. Mr Cox informed that the Transport Minister would be meeting with the unions

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

The board noted the update.

COMMERCIAL

Item 11 – Commercial Report / Item 16 – BA Double Daily

Mr Lyon wished to add some updates to the Commercial report paper. He informed the board that the BA double daily is performing well during the summer, but less well in the winter, **(Redacted under FOISA Section 33 (1)b)**. Mr Lyon confirmed that he has started discussions with **(Redacted under FOISA Section 33 (1)b)** Heathrow and feedback from their team has also been good. The Head of Business Development and the Inverness Airport manager will be visiting Heathrow for a meeting with BA in a few weeks' time with a view to agreeing what the board have been asked to approve today.

(Redacted under FOISA Section 33 (1)b)

Mr Lyon touched on an issue with operator **(Redacted under FOISA Section 33 (1)b)**

The board noted the updates.

Item 12 – HPS Update

Mr Lyon declared his interest as a member of the pension scheme. The Board considered that there was no conflict of interest on the matter being discussed.

Mr Lyon confirmed that work on finalising the framework is ongoing and that they would be meeting with Barnett Waddingham next week to discuss 2 points. The first being potential changes to the scheme and the second being to discuss and seek assurance that a sufficient replacement for Mr Kennedy has been appointed.

(Redacted under FOISA Section 33 (1)b)

ITEMS FOR BOARD APPROVAL

OPERATIONS

Item 15 – Operational Support

Mr MacRae briefly outlined the paper and asked for the Board to approve the recommendation for the application of Remission.

The Board noted the updates in the paper and approved the recommendation for the application of Remission.

Audit Committee Update

Mr McLaughlin updated the board on the agenda for the Committee that morning. HIAL received an internal audit report and the issue of new aerodrome inspectors was raised, Mr MacRae has been asked to monitor. There was no significant change in any of the risks reported in terms of risk management. An update was given from the internal auditor at Wylie Bissett on two audits completed on Finance control and GDPR, the previous showing strong results and the latter uncovering 12 points, **(Redacted under FOISA Section 33 (1)b)** with action plans in place to resolve these issues. Regarding the SPFM there were no changes and the Fraud and Whistle Blowing report shows no reported instances. The list of Matters reserved for the Board were reviewed and one was added; Commercial Contracts. A timetable for the statutory accounts was approved. A review of the car park works was carried out. **(Redacted under FOISA Section 33 (1)b)**

AOB

Ms Bruton wished to update the Board on a few personnel changes within the finance team:

- The Financial Controller will be leaving at the end of June with a replacement or restructure process to begin shortly
- A new payroll supervisor has been recruited **(Redacted under FOISA Section 33 (1)b)** which raised the issue of resilience within the role needing to be found. **(Redacted under FOISA Section 33 (1)b)**
- The finance supervisor will be taking Maternity leave at the end of summer with a short term replacement required.

The board noted the update and wished to express their sincere thanks to Ms Richmond for her length of service and wished her all the best for the future.

(Redacted under FOISA Section 33 (1)b)

There was some discussion on how the board could have more contact with staff and be more approachable.

(Redacted under FOISA Section 33 (1)b)

Mr McLaughlin suggested that the board make visits around the patch with the release of the upcoming HIAL Strategy and the issue of travel costs was raised.

(Redacted under FOISA Section 33 (1)b)

Date of Next Meeting – Wed 9th May @ 09:00, Stornoway airport

The Board proceeded to meet with the local council in the council offices, Mr Savile gave his apologies for this meeting.

**MINUTES OF THE HIGHLANDS & ISLANDS AIRPORTS LTD (“HIAL”) BOARD HELD
AT STORNOWAY AIRPORT ON 9th MAY 2018 AT 09:00**

Present	Ms Lorna Jack Mr Inglis Lyon Ms Gillian Bruton Mr Jim McLaughlin Mr Tim Whittome	Chair Managing Director Finance Director Non-Executive Director Non-Executive Director
In Attendance	Mr Mark Stuart Mr Robin MacRae Mr John Nicholls Mr Gary Cox Mrs Shelly Donaldson Ms Joanna Corrigan	Director of Airport Operations Director of Ops Support, HIAL Transport Scotland Transport Scotland PA HIAL (Minutes) Senior Engineer, ARUP
Via phone	Ms Elaine Cawley Mr Keith Inglis Ms Liz Taylor	Senior Project Manager, Turner and Townsend Head of Infrastructure, HIAL Data Protection Consultant, HIAL
Apologies	Mr David Savile	Non-Executive Director

Item 1 – Surface water drainage proposal at Inverness airport

Ms Corrigan from ARUP, joined the board, Mr Inglis and Ms Cawley joined via conference call. Ms Corrigan gave a presentation on the drainage project, she provided a project background and talked the board through each stage answering any queries raised by members.

The topic of an alternative de-icer was raised or even a hybrid solution and Mr Lyon proposed putting in more reed beds to go beyond compliance (**Redacted under FOISA Section 33 (1)b**) some discussion ensued around additional cost for this and how much more benefit HIAL would gain.

(Redacted under FOISA Section 33 (1)b)

The issue of additional operating costs and maintenance for the new system was raised.

(Redacted under FOISA Section 33 (1)b)

Mr MacRae stressed to the board that a decision needs to be made in order for HIAL to proceed with the CAR application. The relationship with SEPA is good, **(Redacted under FOISA Section 33 (1)b)** progressing towards regulatory compliance.

(Redacted under FOISA Section 33 (1)b)

The board approved the project in principal following discussions with Transport Scotland colleagues.

Item 2 – GDPR

Liz Taylor joined the board via conference call.

She outlined the report sent to the board, gave a presentation on what the new legislation means for HIAL and the board proactively demonstrating compliance **(Redacted under FOISA Section 33 (1)b)**.

Ms Taylor as HIAL's Data Protection officer, will be reporting directly to the Board and maintaining the records.

The Board made the decision to monitor the report and this would be scheduled quarterly.

(Redacted under FOISA Section 33 (1)b)

After Ms Taylor left the meeting there was some discussion on the evening prior with stakeholders.

(Redacted under FOISA Section 33 (1)b)

Mr Nicholls and Mr Cox joined the meeting at 12:25 and Ms Bruton summarised Ms Corrigan's presentation on the Inverness drainage project for them, she notified that HIAL would be seeking formal approval from Transport Scotland over the next two years **(Redacted under FOISA Section 33 (1)b)** It was agreed to invite John Finnie MSP to a presentation given by Ms Corrigan.

(Redacted under FOISA Section 33 (1)b)

Item 3 – Budget update for discussion

Mr Cox gave an update from the Minister for Transport. He advised that the Minister had noted the items for note within the board paper.

(Redacted under FOISA Section 33 (1)b)

Ms Jack raised the issue of the Dundee Board meeting and what should be covered under that umbrella.

(Redacted under FOISA Section 33 (1)b)

Mr Cox informed the Board of the Minister's decisions regarding the items for decision within the paper. Bullet points 1, 2, 4 & 5 were not to be progressed and he asked for more information on bullet point 3 in terms of the impact it would have, and on that basis the Minister agreed with option 1, **(Redacted under FOISA Section 33 (1)b)** Mr Cox advised that he had spoken to colleagues to begin discussions with the finance team and will put together information **(Redacted under FOISA Section 33 (1)b)**.

In regards to the pay policy, Ms Bruton confirmed that there was an affordability issue.

(Redacted under FOISA Section 33 (1)b)

Capital Budget

Ms Bruton confirmed that in the budget for 18/19 **(Redacted under FOISA Section 33 (1)b)** that there was already a requirement for additional funding, **(Redacted under FOISA Section 33 (1)b)**. Ms Bruton advised where the 19/20 year budget was currently sitting **(Redacted under FOISA Section 33 (1)b)**.

In terms of the list that the board submitted to the Minister **(Redacted under FOISA Section 33 (1)b)**, Mr Cox advised that the Minister had noted these and to move forward. **(Redacted under FOISA Section 33 (1)b)**

AOB

Mr Lyon requested the Board to return comments on the Strategy document once they had read the same.

Ms Bruton went through the Act of Entrustment and had circulated the same to the board, which was noted by the board.

(Redacted under FOISA Section 33 (1)b)

Mr Cox confirmed that the meeting with the unions on the 7th June, had been cancelled due to parliamentary business and so a new date will be found. It was noted that the parliamentary debate on car parking was the following day after first Ministers questions.

Ms Bruton asked to be excused from the next Board meeting, which was agreed.

Ms Jack wished to record that this would be Mr Nicholls' last HIAL board meeting. Ms Jack thanked Mr Nicholls on behalf of the HIAL Board, for the support shown to HIAL over the years and noted that he would be missed.

The meeting concluded at 14:25.

Date of Next Meeting – Tues 3rd July in Benbecula (Times TBC)