

**MINUTES OF THE HIGHLANDS & ISLANDS AIRPORTS LTD (“HIAL”) BOARD HELD  
AT INVERNESS AIRPORT, INVERNESS ON 22<sup>nd</sup> August 2017 AT 10:00AM**

<b>Present</b>	<b>Dr Mike Cantlay</b>	<b>Chair</b>
	<b>Mr Inglis Lyon</b>	<b>Managing Director</b>
	<b>Ms Gillian Bruton</b>	<b>Finance Director</b>
	<b>Ms Lorna Jack</b>	<b>Non-Executive Director</b>
	<b>Mr Jim McLaughlin</b>	<b>Non-Executive Director</b>
	<b>Mr David Savile</b>	<b>Non-Executive Director</b>
<b>In Attendance</b>	<b>Mr John Nicholls</b>	<b>Transport Scotland</b>
	<b>Mr Michael Bratcher</b>	<b>Transport Scotland</b>
	<b>Mr Mark Stuart</b>	<b>Director of Airport Operations</b>
	<b>Mr Robin MacRae</b>	<b>Director of Operational Support</b>
	<b>Mrs Shelly Donaldson</b>	<b>PA / Minutes</b>
<b>Via call</b>	<b>Mr Mike Galloway</b>	<b>Dundee City Council</b>
<b>Presentation</b>	<b>Mrs Kirsteen Adams</b>	<b>Communications Executive</b>
	<b>Mrs Megan Westmoreland</b>	<b>Communications Executive</b>

**Apologies**

Mr Tim Whittome, Non-Executive Director

**Item 1 – Minutes of the Board 27.06.17**

After an amendment, the minutes were approved.

**Matters Arising**

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

London City / Loganair

Mr Lyon informed the board that a survey is to be undertaken by Dundee to address the business need of the route.

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

**Chairman / CEO Report**

Mr Cantlay thanked the board for their commitment to HIAL and stated that it was much appreciated.

Helios Interim Report

Mr Cantlay queried whether the IT would work in relation to the Helios project. Mr Lyon stated that the report was deliberately structured to look at the options in terms of addressing

the issue first and then look more in depth at how deliverable those options are. The final report is due in the next couple of months. Mr MacRae also stated that it was widely anticipated by the staff.

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

Mr Cantlay informed the board that he is soon to meet with the minister to discuss the HIAL Strategy. He also suggested that HIAL report more good news in September in light of the VisitScotland recent press.

**Managing Director's Report**

Mr Lyon informed the board that he had written to Mr Martin at Dundee city council to thank him for his input with the Strategy day in Dundee and stressed that it was greatly appreciated. Ms Jack suggested that HIAL needs to look at each areas own strategy around the HIAL patch and incorporate it into the HIAL strategy. Mr Lyon confirmed that each site would draw up and deliver their own local strategy, which would feed into the Company picture

Mr Cantlay suggested that, in regard to board meetings, there needs to be a separate agenda for Dundee. Mr Lyon suggested having a session in Dundee a couple of times a year and to have Mr Martin in attendance, especially in August for the signing of the accounts.

ACTION: To look at a separate agenda for DAL and next year's board dates and locations.
---

**Dundee Airport – Verbal Update by Mike Galloway**

Mr Cantlay thanked Mr Galloway and the team from Dundee council for their input with the strategy session.

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

Amsterdam

Mr MacRae updated the board and Mr Galloway in regards to where HIAL currently stands in discussions with NATS and them working on a survey for Dundee in terms of surveillance. They have identified 2 sites with suitable coverage to provide a radar approach service in Dundee and will have the report completed by the end of August.

Mr MacRae informed the Board that the report would be shared with Dundee City Council when complete.

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

Stobart Air

Mr Lyon confirmed that the situation with Stobart Air was ongoing, that the HIAL team and DCC had been in discussions recently and it was progressing. Mr Cantlay asked if Dundee City Council could approach and encourage Stobart, Mr Galloway agreed.

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

ACTION: Dundee city council agreed to speak with Stobart to encourage the deal.

Loganair

Mr Cantlay asked where Dundee city council and Loganair stood currently and asked if they could follow up since their last meeting, Mr Galloway agreed.

ACTION: Dundee city council to follow-up in discussions with Loganair.

Tay Cities Deal

Dundee city council is about to go into meetings with both governments to argue their case. Mr Galloway felt that the strategy session and the idea to have a combined business plan for both Inverness and Dundee would help unlock their commitment to develop the transport hub. Mr Galloway informed the board that the negotiations are due to conclude in Dec 2017 and agreement made by the end of winter.

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

DAL yearly accounts

Mr Galloway informed the board that he had not been briefed on the accounts and asked the board if they wanted to flag any issues to Mr Martin.

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

ACTION: Mr Martin to return to Mr Lyon and Ms Bruton to confirm that he is happy with the annual accounts. **(Redacted under FOISA Section 33 (1)b)**

**Item 2 - Finance**

HIAL / DAL / AMSL Monthly Accounts

Ms Bruton updated the board first on the monthly accounts, stating that HIAL continues to strive to come in on budget for the year, but that it is still early days and that it is an ongoing process. Ms Bruton explained that HIAL has its capital budget of £7mil, which they will have

to adhere to, but that they will approach the Scottish Government, as last year, to ask if there is a possibility of finding more funds.

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

She explained the attachments submitted with the paper and updated the board to the fact that the IABP accounts have been signed. It was noted that the Airport Business Performance KPI report was well received.

### **Items 11-13 - HIAL / DAL / AMSL Annual Accounts**

Ms Jack stated to the board that the Audit Committee were happy with all sets of accounts. The board approved and signed the annual accounts and these will be published to parliament at the beginning of October.

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

### **Audit Committee Verbal Update 22.08.17**

Ms Jack updated the board on the Audit Committee meeting earlier in the day.

- HIAL has commenced a tender process to renew the internal and external auditor's contracts. The Audit Committee covered 6 internal audit reports and the reviews they carried out. There were no fundamental issues found and there were positive management responses to all their recommendations.
- There was an update to the Scottish Public Finance Manual and there is to be a presentation at the December meeting in Inverness that the audit committee would like the whole board to attend.
- There have been no reports of fraud or whistle blowing detected.
- The Audit Committee signed off their Terms of Reference, which is to be escalated to the board for their approval next month.

**ACTION:** To escalate the TOR to the board at the next board meeting for approval.

**ACTION:** SPFM Presentation to the Audit Committee and Board to be arranged for December 19<sup>th</sup> Meeting

### **Item 3 - 10 Year Capital Plan**

Mr Cantlay outlined the capital plan paper and explained to the board that he has asked Mr Lyon to focus on the items that need immediate attention and recommended that HIAL take a second look at a few items that possibly need upgrading.

Mr Lyon went on to explain the plan in detail, he described the category 1 items as 'Life expired' and stressed that these issues need to be addressed right away, Category 2 items need to be addressed but are not an imminent threat and that category 3 were items that had time to be resolved.

Mr McLaughlin raised the issue of CSR in regards to funding concerns and Mr Cantlay informed that this would be discussed with the Minister when they met.

Mr Nicholls acknowledged HIAL in regards to the 10 Year Capital plan. He asked the HIAL board to sign off on the category 1 and 2 items.

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

**ACTION: Mr Lyon is to rework the Capital Plan. (Redacted under FOISA Section 33 (1)b)**

#### **Item 4 – Risk Management**

Ms Jack highlighted the risks that the Audit Committee flagged earlier in the day that need attention.

##### ATC Resignations

One of the risks raised was a concern regarding air traffic control personnel resignations. Mr Stuart confirmed that HIAL has identified this risk and the Helios study has identified possible solutions, but in the meantime, HIAL still has to keep the operation running. Mr Savile stressed that this was another good example of something out of HIAL's control.

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

The board noted the position and is content to wait for the outcome of the Helios report.

##### Coastal Erosion

Ms Jack highlighted that this risk was covered in the Capital plan discussion.

**ACTION: The Board agreed the decision to escalate the coastal erosion issue from a category 2 to a category 1.**

##### Wildlife Risk Management

Ms Jack updated the board that the team are looking into new possible solutions and the board noted the position.

Flybe/Eastern Operations

The Flybe / Eastern operation will commence at Sumburgh, Kirkwall and Stornoway from the 1<sup>st</sup> Sept 2017.

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

ACTION: The board will aim to meet with the WJACC in November.

**Item 5 – Operations**

Fatigue Risk Management System

An issue was raised by Mr Bratcher in regards to meeting the aspirations of local authorities, keeping them informed and including them in the process. Mr Cantlay and Mr Lyon will meet with local authorities in due course to discuss these issues with the local authorities at Stornoway, Kirkwall and Sumburgh.

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

ACTION: To report back at the next board meeting, how HIAL will tackle the ATM Strategy issue with the local authorities and where the Helios study fits into the broader HIAL strategy.

AFS Business Development

The AFS Business Development Manager is working closely with the Head of Business Development to look at income generation in regards to HIAL becoming a training provider in areas such as fire safety and first aid. Marine fire training continues to generate income at Kirkwall and the development of a Marine fire training course at Sumburgh is progressing in collaboration with the North Atlantic Fisheries College. The board noted the position.

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

**Item 6 – Airport Operations Report**

Flybe / Eastern / Loganair

Mr Stuart commented that the position from an operational perspective is still a good working relationship and HIAL is dealing with both parties impartially in order to accommodate the requests of customers. Mr Stuart and the project lead at Sumburgh will be on site to ensure smooth operations for the first 2 weeks after start up.

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

ACTION: To circulate the Daily Operations reports and Load Factor reports for these airports for the first month to keep the board updated

**ACTION:** To set up a meeting between the board and David Patterson in due course, possibly at the board meeting in Wick in November.

Dundee

Mr Stuart informed the board that Leuchars is now offering general aviation services for golf trips, running in direct competition with Dundee airport.

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

Inverness

Recruitment is underway to fill vacancies for an Airport Services Manager, and for a Terminal Operations Manager. The Customer focus Manager is also due to retire at the end of September.

ICT

The second and final round of interviews concluded for the Head of ICT role. A candidate has been chosen and an announcement is imminent.

**ACTION:** For the new Head of ICT to come to the board on a regular basis to provide an update of the overall situation and plans going forward.

The Airport Service Quality programme

Inverness was in the top six airports in the country, and Sumburgh was also rated good with regard to PRM services.

The board noted the updates.

**Item 7 – Inverness Car Park**

Mr Lyon outlined the paper on the Inverness car parking charges and it was agreed that selling points were that there is no drop off charge, the rate for 1 hour has not changed and parking at Inverness is still the lowest of UK airports.

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

**ACTION:** The charges to be announced and to go into effect before the October school holidays.

**ACTION:** To alert the Minister of these changes.

### **Item 9 – Commercial Report**

Mr Lyon informed the board that HIAL is meeting BA at World Routes in September to discuss the opportunity for additional S18 rotations. The Head of business development is meeting with KLM in the next few weeks to discuss keeping the double daily flights all year round but without the overnighter.

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

### **Item 10 – Communications**

The Communications Executives were invited to present an update to the board.

#### Social Media

Ms Westmoreland informed the board that HIAL has now appointed social media ambassadors at each airport. These ambassadors have been equipped with new smart phones and are now tweeting and posting on a regular basis to raise awareness of HIAL airports and to build greater relationships with our customers by engaging in popular conversations/trends online. The ambassadors received a training session, which was provided by an external social media agency, this saw a boost in confidence.

The HIAL social media plan is being finalised and sets out the following aims:

- To have both Twitter and Facebook accounts for each airport by the end of January
- To set targets to increase followers at all airports
- Having LinkedIn, YouTube and Instagram being managed corporately.
- To carry out an in-depth customer survey on social media in September, which will help shape the KPIs linked to the plan.

#### Website

Ms Adams updated the board in regards to both the HIAL and Inverness websites. They are now hosted by Dynamic Edge and analytics are showing that both sites are mainly being used as flight information tools for live flight and schedule information. Ms Adams updated the board with the statistics showing number of visitors, page visits.

### **Item 14 - Any Other Business**

No other business

\*\*\*

### **Date of Next Meeting**

27<sup>th</sup> & 28<sup>th</sup> September 2017 at CastleBay Hotel, Barra.

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