

DAL Board Minutes

Tuesday 2nd May 2023 Microsoft Teams

Board Attendees:

- (LJ) Lorna Jack (HIAL, Chair)
- (IL) Inglis Lyon (HIAL, Managing Director)
- (JM) Jamie Manson (HIAL, Director of Finance)
- (LS) Loraine Strachan (Non-Executive Director)
- (LC) Lynne Clow (Non-Executive Director)
- (CH) Chris Holliday (Non-Executive Director)
- (IT) Isabel Todenhoefer (Non-Executive Director)
- (GCg) Greg Colgan (Non-Executive Director)

In Attendance:

- (DS) Denise Sutherland (HIAL, Head of Communications)
- (AS) Andrea Sillars (Director of Human Resources)
- (GF) Geordie Farquhar (HIAL, Director of Operational Support)
- (MB) Michael Bratcher (Aviation Policy, Transport Scotland)
- (GH) Gregor Hamilton (Dundee City Council)
- (SD) Shelly Donaldson (HIAL Executive Assistant - Minutes)

DAL Board Meeting Commenced at 10:00

The Chair welcomed everyone to the virtual meeting.

Apologies

Apologies were received from Darren MacLeod and Jackie Clark

Declarations of Interest

The Chair noted the usual declarations of interest with nothing new to note.

Minutes and Matters Arising

The Board approved the minutes from 27.02.2023 as an accurate record of the meeting.

In regard to the Matters Arising and the outstanding action on the Dundee Runway code safety case, GF advised that the safety case was submitted in March this year. It is in relation to the coding of the runway on the EASA certification specification and a dispensation within the safety case to operate under code 2. GF advised that if this is not approved then Dundee would need to reduce its runway length, but he also advised this is likely to gain the approval from the regulator. The Board agreed to keep this action open and for GF to update the Board in July at the next meeting.

Withheld Information No 1.

Greg raised an action in relation to the Business Development plan from the previous meeting that was not covered under Matters Arising and asked that this be noted as an action.

ACTION: The Chair and IL to discuss offline and decide on a team to push the Business Development plan for Dundee forward. GCg suggested that GH and other DCC colleagues should be included in the team.

Chair's Report

The main Chair's report is within the April HIAL Board minutes. However, the Chair updated the DAL Board of IL's resignation and wished him well for the future.

LJ advised that the HIAL Board had signed off a Recruitment Committee with membership comprising LJ, IT and LC, and supported by Gary Cox and AS. This Committee is tasked to recruit a permanent MD and will also look at interim arrangements. IL's departure date was noted as 30 June 2023.

ACTION: MD recruitment to be added as a standing agenda item going forward until the post is filled.

LJ and IL had an introduction meeting with the new Minister, they discussed budgets and financial strain over the next few years. HIAL's revised Strategic Plan was also discussed with the Minister, who asked to review the plan prior to publishing. There was focus on increasing passenger numbers as well as a focus on the core business of the company. **Information withheld No 4.**

LJ advised that she has had conversations around the PSO switch to Heathrow and Tayside Aviation which are on the agenda and would be picked up under those items.

LJ briefed the Board on her regular call with Peter Simpson in regard to the sale of Loganair.

Information withheld No 1.

Managing Director's Report

IL updated that in regard to the PSO switch to LHR, the General Manager at Dundee Airport is currently working through the potential impacts this switch may bring. A report will be presented to the July Board.

Items for Discussion by the Board
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Item A – Environmental Update

GF provided an update to the paper highlighting that the Deposit Return Scheme (DRS) has been deferred to March 2024 rather than August 2023. There was no change to the environmental picture at Dundee.

GCg wished to note that he was pleased to see that Dundee airport has been included within the Internet of Things (IoT) programme and wished to be kept updated on this and any learning opportunities for the DCC.

Item B – Operational Update

GF updated that the team are working through the impact to the operation of Tayside Aviation going into administration and advised that there had been a risk to DAL in relation to out of hours cover which this situation has relieved.

The impact from the PSO switch from London City to Heathrow, which begins on 07 May, is also being reviewed and there was discussion around a potential move to a slightly larger ATR72 aircraft later this year. This would require a review into the operation at Dundee and a particular need to look at aircraft category, ground handling, security requirements, aircraft parking and car parking. GF advised that the report would go to the Board in July. Additional terminal seating has already been purchased.

LJ advised that there were mixed feelings on the regular islands local authority call about the move to Heathrow. GCg advised that a number of factors were considered by DCC in regard to the move and informed that they have seen a lower number of people cancelling their flights. There is a PR event planned on the 09 May.

GF gave an overview of the paper with the following points to note.

The programme of capital works for Dundee which was paused **Information withheld No 4** is now commencing. In terms of staffing, air traffic is well staffed but there are some vacancies in the fire service.

GH advised that DCC have made the administrators running Tayside Aviation aware that they are offering support to employees of the business that have lost their jobs as a result of the collapse through the PACE process (Positive Action for Continuing Employment). He informed that many have secured alternative employment, mostly at the Perth training school and that the administrators have received significant interest in the business. It is their preference to sell the business as a whole.

Item C – Commercial Update

IL advised that there was nothing to add to the Commercial update paper but hoped that awareness and publicity for the LHR service is kept up over the summer with an aim to carry the service through the winter.

Item D – DAL Company Accounts

JM provided an overview of the paper which shows the provisional end of the year outturn.

Operating costs were slightly higher than budgeted due to the pay award agreed at the end of the year. JM advised that DAL ended the year circa £48k lower than expectations but not too far off the forecast.

He advised of two developments on the assumptions around pay since the last Board meeting; the pay award was agreed with this having an impact on future salary costs. The public sector pay policy

was also published in late March and the forecast is now slightly higher at £60k due to the additional pay that may be expected. **Information withheld No 4.**

JM informed the Board that the CAA have published interesting research forecasting a stronger recovery from Covid, so additional revenue may be generated from additional passenger numbers.

JM brought the Board's attention to the list of capital projects outlined in the paper and advised of a strategic review of assets and infrastructure which is being undertaken across HIAL and DAL estates which will cover the next 10 years. The report on this will go to the December Board meeting.

The Board noted a positive outcome for 22/23 finishing significantly better than the original budget and marginally better than the forecast.

LJ asked about the budget reduction on insurances and JM advised that this would be adjusted going forward.

GC wished to note a thanks to JM and the finance team for the report and additional information.

Corporate Risks

Risks & Safety Update

GF provided an overview of the strategic risks stating that a number have been reduced and advised that the inability to effectively manage change risk will come down due to new recruitment in project management.

Looking at corporate risks in the round, GF noted a high risk on runway incursions but advised there are several workstreams being undertaken on reducing this risk looking at resilience in certain departments and risk treatment plans specifically. Cyber risk is still sitting high, but the company continually monitor this.

Regarding Dundee specific risks, the safety survey actions that are being worked though are expected to come down with the rest remaining static.

GF gave an overview of the Risk management session attended by HIAL Board members in Glasgow last month **Information withheld No 2.** He advised that it provided the Board with a better understanding of risk culture within HIAL. AS advised that there will be another session which will include more staff. LJ advised that **Information withheld No 2** Dundee was well represented at the workshop.

AOB

GH updated the Board on the PSO, he advised that discussions have been had with Government and a paper setting out the case for continued support of the PSO had been prepared as part of the process for issuing an invitation to tender for a new contract in October.

LJ wished to note that this was IL's last DAL Board meeting and wished him well in the future.

DAL Board meeting concluded at 10:45

Date of the next meeting: 3rd July 2023

No	Reason for Redaction
1	Withheld for reasons of commercial interests
2	Withheld as the information constitutes personal data
3	Withheld as disclosure of the information will endanger the physical or mental health or safety of an individual
4	Withheld as disclosure will prejudice the effective conduct of public affairs