

**MINUTES OF THE HIGHLANDS & ISLANDS AIRPORTS LTD (“HIAL”) BOARD
HELD AT CAMPBELTOWN TOWN HALL ON 30TH JANUARY 2019 AT 11:00**

Board Attendees:	Lorna Jack (Chair)
	Inglis Lyon (Managing Director)
	Gillian Bruton (Director of Finance)
	David Savile (Non-Executive Director)
	Tim Whittome (Non-Executive Director)
	Jim McLaughlin (Non-Executive Director)
In Attendance:	Mark Stuart (Director of Airport Operations)
	Robin MacRae (Director of Operational Support)
	Gary Cox (Transport Scotland, Head of Aviation)
	Shelly Donaldson (HIAL Personal Assistant – Minutes)
15:00 – 15:40	Ross McAllister (HIAL ATMS Programme Director)
15:40 – 16:20	Julie Bhatti (HIAL Environmental Officer)
16:20 – 16:30	Liz Taylor (HIAL Data Protection Manager) VIA PHONE
16:30 – 17:00	John Lamont (HIAL, Campbeltown Station Manager)
17:00 – 17:30	Moya Ingram (Argyll & Bute Council, Strategic Transportation and Infrastructure Manager)

The Board meeting commenced at 11:00

Apologies

Mr Cox and Mr Stuart sent apologies - they would be late due to the bad weather.

Declarations of Interest

Mr Lyon noted himself as a beneficiary in the HIAL pension scheme.

Mr Whittome declared an interest in Inverness airport and airport fees as a customer of the airport.

Matters Arising

Ms Jack advised that most items are either picked up on the agenda, ongoing or complete. There were no questions from board members in regards to the matters arising.

Ms Bruton advised that she had met with Mr Martin and shared a schedule of the DAL accounts. Mr Martin had asked if it would be possible for him to have the schedule for the whole group. **(Redacted)**

At 11:30 the HIAL Board Meeting was suspended for the DAL Board meeting and recommenced at 13:00

Mr Cox and Mr Stuart joined the meeting.

Chair's Report

It was noted that Ms Jack covered her report within the DAL board meeting and there was nothing further to add.

Managing Director's Report

It was noted that Mr Lyon covered his report within the DAL board meeting and there was nothing further to add.

Board Budget Session

Item 2 - Revenue Paper

Ms Bruton informed the Board that there would be a more detailed revenue paper submitted to the Board for the next meeting in March and explained the appendix to the HIAL revenue paper referring to the airline incentives.

(Redacted) She noted that the incentives were struck at the market rate at the time. Ms Bruton also added that the Inverness Airport's General Manager and HIAL's Head of Business Development had spent quite a bit of time to benchmark these and get the most appropriate rate, using third party input.

Ms Jack expressed concern as HIAL's revenue gap is large. Ms Bruton noted that the board approved these incentives at the time, with this paper going to the board each year.

Ms Jack noted that the BBC had reported that HIAL has had a large uplift in capital funding from the Scottish Government, which is raising questions. Ms Jack stressed that HIAL needs to be clear that this is for Capital projects, not Revenue and to give detail on what we are doing with this capital funding.

Mr Lyon explained the process regarding airline incentives and confirmed that it was a commercial process, augmented by third party input. **(Redacted)**

Ms Bruton explained the budget meetings that took place in head office last week. She explained that costs have been cut and the finance team have set the Airport and head office managers a challenge to cut their budgets further by 5%, although Ms Bruton expressed uncertainty as to whether this was actually possible due to the nature of the works.

She also noted to the Board that **(redacted)** revenue had been lost from Sumburgh due to the decline of the oil & gas aviation movements.

Mr Lyon stated that the budget is presented to the board each March and that, this year HIAL is ahead in presenting this interim paper.

Ms Bruton noted however, that last year HIAL had to go back to Transport Scotland, as they could not balance the budget **(Redacted)**.

Mr Cox suggested that a different kind of grant letter would need to be agreed for the coming year **(Redacted)**.

Mr Lyon would rework the proposals and present those in a summarised form.

Ms Jack raised the issue of the pension scheme and stressed a desire to review pension options. It was decided to review this and return to the discussion in March.

The Board noted the update.

Item 3 - Capital Paper

Mr Lyon outlined the Capital Plan paper and asked the Board to approve the spend for 19/20 on the projects identified and secondly, with the caveats against 20/21 for Wick and Campbeltown the Board was also asked to approve a maximum spend for 20/21.

Ms Jack suggested prioritising capital projects that would bring in more revenue and Ms Bruton suggested that HIAL would have to think more carefully about potentially moving some costs into Capital projects.

The Board approved the Capital spend on the basis that projects in excess of £250k return to the Board for sign off and noted the updates.

FINANCE

Item 1 – HIAL Monthly Accounts

Ms Bruton informed that, in terms of revenue, the forecast is showing an overspend, **(Redacted)**. Ms Bruton informed the Board that the goal is to break even for the revenue

budget this year and advised that the ATMS budget has been estimated for 19/20.

Ms Bruton advised of ongoing discussions with the auditors on ATMS capitalisation. She also advised that the finance team is working closely with the HR team on various projects in relation to the pay remit and the job evaluation process, which brings with it a new pay grading structure.

Ms Bruton briefed the Board on the issue of ATC pay, the ATC staff and the unions' paper to the Scottish Government bidding for more money. The Ministers have rejected their proposal, with the alternative being some kind of retention bonus as part of the ATMS project. Ms Jack advised that Prospect union have announced an intention to ballot for possible industrial action.

Mr Savile asked where Mr Lyon saw HIAL in relation to the Oil and Gas industry business over the next three years. Mr Lyon informed the board that the Aberdeen rotary wing business out of Aberdeen was increasing in popularity. He thought this was likely to continue for the work to the East of Aberdeen but for the fields to the North and West of Shetland, Sumburgh would remain attractive. **(Redacted)**

The Board noted the update.

Item 2 – AMSL Monthly Accounts

Ms Bruton advised there was nothing of particular note here and the board noted the paper.

HR

Item 3 - HR Update

Mr McLaughlin asked for a sense of Job evaluation outcomes, Mr Lyon noted the organisation being as expected. **(Redacted)** The appeals process is currently ongoing with most departments appealing their scores. On another note, HIAL has the pay remit ready to go though in April but the unions have asked HIAL to wait until the job evaluation process is completed and are content to wait.

The Board noted the update.

Item 4 - HPS Update

Mr Lyon informed that he has a meeting in February with Mr McGarva to discuss Ill Health. **(Redacted)**

The Board noted the update.

ICT

Item 5 – ICT Update

Mr Stuart gave an overview of the ICT paper submitted to the Board for update.

He reported that the PaperCut system has been implemented and is working well.

The Website redevelopment is ongoing and Ms Bruton advised that the Dynamics system licences are expiring this year with the team looking at a possibility of this accounting system being upgraded.

Mr Stuart advised of the implementation of a new HR system, which would include time & attendance and rostering to increase efficiencies. The airport operations database is aimed at increasing efficiencies within the administration of the business, which would be fed into a central system that would do the billing, information displays and business intelligence that HIAL can data mine. More airside concessions were also discussed with aim to increase revenue.

Ms Jack queried whether these items were in the plan and Ms Bruton confirmed that it is only the HR system that is, with the intention to fit them in where possible, prioritising due to the revenue each may generate.

The Board noted the update.

COMMERCIAL

Item 6 – Commercial Report

Mr Lyon wished to draw the board's attention to the paper. The Board noted the update.

OPERATIONS

AUDIT COMMITTEE UPDATE

Mr McLaughlin provided an update on the work of the committee including that the committee had signed off the internal and external audit plans.

Item 7a-e – Risk Management

Mr MacRae ran through some risks that were noted at the Audit Committee that morning:

- A Drone detection system was discussed with a 30-day survey to be undertaken at Inverness and Dundee.
- Another risk to note was a spillage of Gen 3 de-icer, from the de-icer tank at Stornoway and a smaller spill at Islay, which was a tractor mounted spill. The de-icer had been left in the vehicle over the summer period, which had leaked through one of the nozzles. Both incidents were being investigated to mitigate the risk of re occurrence.

(Redacted)

The board noted the update and the risks brought forward to the Committee.

Item 8 – Airport Operations

Mr Stuart gave an overview of the paper with the following points to note:

- The airport Manager at Wick's official final day is the 25th Feb. Ms Jack informed the board that she had thanked him and wished him well on behalf of the Board and Ms Bruton advised that he would continue as a trustee of the pension scheme.
- Mr Stuart advised that in regards to the potential reconfiguring of Inverness airport, they were waiting on a final programme from CBRE.
- In terms of car parking, Mr Stuart updated that the General Manager of Inverness airport is reviewing what is required for Inverness and that the introduction of charges at Stornoway, Sumburgh and Kirkwall are well underway. As part of the new car parking system, HIAL is pursuing the 'SaferParking Awards' accreditation and use of the ParkMark logo for Inverness, Dundee, Sumburgh, Kirkwall and Stornoway.

Items for decision by the board
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Item 4 – ATM Strategy Update

Mr McAllister joined the meeting at 15:40 to provide an update on the ATMS project.

Mr McAllister advised that the programme board still meets regularly but is getting quite large, so he will issue a preferred attendee list. He advised that the minutes of the Programme Board were included in the board pack and there were no questions on these.

Mr McAllister outlined the Terms of Reference for GATCO (a professional body of ATCs). He informed that the Prospect rep raised an issue with it and they are now in discussions with GATCO. **(Redacted)**

The project team are now fully in post with additional subject matter experts being brought in as required on a temporary basis, if external, or as secondments, if internal. **(Redacted)**

Mr McAllister advised that the ICT team member for the project is now in post and a detailed investigative piece, related to connectivity across the sites, has begun. A supplier open day is being planned towards the end of summer.

He advised that channels remain open with the trade unions and more site visits and staff engagements are planned.

Ms Jack wished to clarify that this paper was just for note and there was nothing to approve. Mr Lyon suggested capitalising some of the expenditure from this project and Ms Bruton advised that this would be reviewed and clarified at the next board.

The board noted the update and thanked Mr McAllister for joining the meeting. Mr McAllister left the meeting at 16:25.

Items for note by the board

Item 6 – Data Protection Update

Liz Taylor joined the meeting via phone at 16:30.

Ms Taylor advised that the audit that was planned had been postponed until next month due to bad weather. She outlined the paper and touched on the HR system and data protection impact assessment. Ms Taylor confirmed that there were no data breaches to report to the board.

Ms Taylor updated on the no deal Brexit issue and advised that most of the European regulators are starting to send guidance. She wished to clarify that HIAL would only have an issue if there was data being transferred between HIAL and the EU.

She stressed that 2 systems that HIAL uses are processed in Europe and that we will not have access to these if a no deal Brexit goes through. **(Redacted)** She advised that every UK airport that is using these systems will be affected and there will be a potential risk and proposed submitting a report on this for the next Board meeting in March.

Ms Bruton stressed the need for a records manager for HIAL as a public sector organisation and agreed to circulate the job description to the board.

Local Developments

John Lamont joined the board at 16:40 and presented an update of Local Developments at Campbeltown. **(Redacted)**

The Board meeting concluded at 17:30

Date of the next meeting: 31st January 2019 – Campbeltown Airport Training room

**MINUTES OF THE HIGHLANDS & ISLANDS AIRPORTS LTD (“HIAL”) BOARD
HELD AT CAMPBELTOWN AIRPORT ON 31st JANUARY 2019 AT 10:00**

Board Attendees:	Lorna Jack (Chair) Inglis Lyon (Managing Director) Gillian Bruton (Director of Finance) David Savile (Non-Executive Director) Tim Whittome (Non-Executive Director) Jim McLaughlin (Non-Executive Director)
In Attendance:	Mark Stuart (Director of Airport Operations) Robin MacRae (Director of Operational Support) Gary Cox (Transport Scotland, Head of Aviation) Shelly Donaldson (HIAL Personal Assistant – Minutes)

The Board meeting commenced at 10:00

HIAL Board Dinner recap

There was some discussion on the dinner with stakeholders the night prior and the thing that was mostly noticed within the community was that the general feeling of the Campbeltown community was that of contentment with the service provision.

Items for approval by the Board
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Item 5 – Environmental Strategy

Julie Bhatti, HIAL’s Environmental Officer joined the board at 10:00 to present HIAL’s Environmental Strategy, which will cover the next 4 years, but with some flexibility.

The pillars being:

- Waste management
- Water usage
- Energy consumption
- Noise

- Surface access
- Air quality
- Community
- Ecology and Landscape

Ms Bhatti advised of an online Environmental Management System (EMS) tool that would be implemented this year.

There will be a need for additional resource and training within the organisation and Ms Bhatti suggested sending key staff on one-day taster courses on environmental management as well as in house training.

Mr McLaughlin asked if Ms Bhatti intended to distribute comms at the start of the baseline year and she confirmed in the affirmative.

(Redacted)

Ms Bhatti reported that in terms of the EU, SEPA have now officially accepted it and the team is now working towards the requirements at a steady pace. SEPA are happy that HIAL is taking things beyond compliance and a feasibility study for anaerobic digesters – producing power by dealing with our own waste, is ongoing.

DECISION: The board signed off the Environmental Strategy and thanked Ms Bhatti.

Items for note by the Board

Item 9 – Customer Experience

Mr Stuart outlined the paper and the scoring.

Mr Lyon wished to note that part of the attraction of some of the concessions at Inverness is that they have been chosen to give a boutique service with the customers getting something that they are not able to get elsewhere, such as candles from the west coast of Scotland.

Mr Stuart wished to note that whilst we know that we have issues with the capacity and facilities and some customers may mark Inverness down on this aspect, the airport is scoring very highly for the level of service and courtesy across the whole airport.

Mr Stuart advised that HIAL would be publishing comms in due course and releasing data on passenger numbers in relation with customer experience scores.

Item 10 – AMSL & Security

(Redacted)

Mr Stuart informed that there has been significant investment in the security equipment at Inverness with regard to the new cabin bag x-rays and the Hold Baggage project. Mr Whittome wished to note that HIAL does have a constant requirement to upkeep and upgrade the security equipment.

Ms Jack wished to note that public communications need to be stressing a simple message that these larger projects are accounted for in the capital plan so that people know how HIAL is using the capital budget / funding allocated. The Board noted the update.

Item 11 – Islay Plan

Mr Stuart wished to update the board on the ongoing plan for Islay and referred to the paper submitted to the board. **(Redacted)** The Board noted the update.

Item 12 – IABP Update

Mr Lyon updated that the hotel development at Inverness airport is now in construction. **(Redacted)**

Mr Lyon updated that in terms of increasing the car parking facilities at Inverness airport by purchasing land from IABP Moray Estates, the valuation has now come back. **(Redacted)**

INSURANCE

Item 13 – Insurance Broker Update

Mr Lyon updated that the tender process for HIAL’s new brokers has now been completed and wished to identify Portmore as HIAL’s new insurance broker. The Board noted the update.

COMMUNICATIONS

Item 14 – Communications Update

Mr Lyon brought the Board’s attention to the paper submitted by HIAL’s Head of Communications. **(Redacted)** The Board noted the update.

Strategy Update

Mr Lyon advised that the Strategy consultation event is pencilled in for April, **(Redacted)**. He advised that their feedback would then feed into our strategy, identifying gaps, deficits and potential solutions. Mr Lyon confirmed that the intention would then be to work with airlines, wider stakeholders and Transport Scotland.

Mr Cox informed the Board that it was still the intention that a national aviation strategy would be part of the revised national transport strategy. **(Redacted)** Mr Lyon noted that HIAL is doing many things outlined in the Strategy.

Items for Approval by the Board
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OPERATIONS

Item 15 – Operations Summary Fast Rescue Craft (FRC)

(Redacted)

COMMUNICATIONS

Item 16 – ATMS Communications plan

Mr Lyon clarified that The ATMS Programme Director and the Head of Comms worked closely on the plan and that it links into the HIAL strategy. He advised that a specific timeline would follow in due course. There was some discussion on the plan and it was advised that GA users need to be added to the stakeholder list. Mr Whittome offered to forward contacts to the Head of Comms. **(Redacted)**

AOB

Mr Lyon wished to bring the Board's attention to the announcement of the ballot on potential industrial action by the ATC staff in response to the ongoing pay dispute, which was released today.

(Redacted)

Ms Bruton asked for the Board's decision in relation to the request from David Martin brought up in the meeting yesterday regarding sharing the financial information for the whole company. She advised that Mr Martin had assured the board within the DAL Board meeting that he would not share the information beyond his own use. **(Redacted)**

The HIAL Board meeting concluded at 12:00

Date of next meeting – 19th March 2019 - Sumburgh