

**MINUTES OF THE HIGHLANDS & ISLANDS AIRPORTS LTD (“HIAL”) BOARD
HELD AT HIAL HEAD OFFICE, INVERNESS ON 11TH DECEMBER 2018 AT 09:00**

Board Attendees:	Lorna Jack (Interim Chair) Inglis Lyon (Managing Director) Gillian Bruton (Director of Finance) David Savile (Non-Executive Director) Tim Whittome (Non-Executive Director)
Calling in:	Jim McLaughlin (Non-Executive Director)
In Attendance:	Mark Stuart (Director of Airport Operations) Robin MacRae (Director of Operational Support) Gary Cox (Transport Scotland) Shelly Donaldson (Personal Assistant – Minutes)
09:56 – 10:30	Ross McAllister (Programme Director)
10:30 – 10:54	Denise Sutherland (Head of Communications)
10:55 – 11:05	Darren MacLeod (Head of ICT and Digital Transformation)
11:07 – 12:11	Andrea Sillars (Director of HR)
12:15 – 12:30	Keith Inglis (Head of Infrastructure services)
14:23 – 15:30	Liz Taylor (Data Protection Officer) & Darren Macleod

The Board meeting commenced at 09:00

Apologies

Mr McLaughlin sent apologies that he could not attend in person but dialled in via conference call from 10am.

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 picked up within the agenda.

Inverness Airport Visit with Staff

Ms Jack and Mr Whittome noted that they had visited Inverness airport the day prior to the meeting and met a number of staff colleagues. Mr Whittome wished to note that the new Airport Fire Manager has many good ideas for the department and that both Ms Jack and Mr Whittome received a few pitches from the staff on items and training required within the

Departments. Mr MacRae wished to note that the Airport Fire Manager has done very well since being promoted into their new role.

Mr Whittome confirmed that they visited the Air Traffic Control tower but that there were not many staff on duty. Ms Jack wished to note that following the visit to the airport terminal, it was very clear that it is in need of expansion.

Ms Jack noted that she had a discussion with an MP who was in the Aspire lounge at Inverness airport yesterday, and that they mentioned they were not satisfied with the BA flight times for business travel to London. Mr Lyon mentioned that this had been raised with BA within the previous discussions and reported that BA has done research of when the majority of the flights were needed and for what purpose. Mr Whittome noted that the MP was very keen to boost tourist's numbers into Inverness.

Board Dinner

The Board wished to discuss the dinner with stakeholders the previous night. It was noted that attendees from RAF Lossiemouth seemed very cooperative. Mr MacRae confirmed that the RAF **[Redacted]** have shown a lot of interest in HIAL's ATM strategy, expressing interest in continuing discussions.

[Redacted]

An attendee from the Caithness Chamber of Commerce mentioned the rocket launch site, and suggested that HIAL should maybe be doing more on this and suggested that the site for launch control should be in Wick. Mr Lyon noted that he had had discussions **[Redacted]**, yesterday re Wick air services and that further discussions are to be had **[Redacted]**. It was noted that 200 people are needed to operate the launch control.

[Redacted]

Chair's Report

Chair Recruitment

Ms Jack noted that the recruitment process for the HIAL/ DAL Board Chair is still ongoing and Mr Cox advised that Transport Scotland are progressing this with Ministers.

ATM Strategy

Ms Jack updated that she and Mr Lyon met the Islands Minister, Mr Wheelhouse, and discussed the roll out of broadband to all of Scotland and its Islands. Ms Jack discussed this with the ATM Programme Director at the Board dinner the night prior.

There was some discussion at the meeting with the Minister on retrospective islands impact assessments and Mr Lyon asked Mr Cox if he could provide a contact **[Redacted]** within Mr Wheelhouse's office to provide a briefing on the same.

Ms Jack informed that she and Mr Lyon had met with MSPs in Edinburgh and MP's in London to discuss the ATM updates and key issues. She advised that they were met with more acceptance for the need, but there were still some concerns being expressed. Alistair Carmichael MP had asked to meet the Programme Director and she confirmed that would happen in Kirkwall on 21st December.

[Redacted]

Car parking

Ms Jack reported back on the meeting had with MSP's **[Redacted]** on the car parking charges. She reported that this was a challenging meeting and that she and Mr Lyon were met with continuing strong resistance from Shetland. **[Redacted]** She suggested that the best thing for HIAL to do is to keep communication channels open, to continue briefing calls with MP's, MSP's and local authorities every few months.

Airlines

Ms Jack reported on a meeting she attended with Stephen Bond, from Loganair. **[Redacted]** Ms Jack reported a productive meeting and that she will keep the line of communication open with them.

Managing Director's Report

Pay Dispute

Mr Lyon reported that the pay meetings are ongoing, that a paper was submitted to the board for review yesterday and that this was a significant issue for HIAL. **[Redacted]**

[Redacted]

Capital Plan

Mr Lyon advised that later in the Board meeting, HIAL's Head of Infrastructure, Mr Inglis, would join the board to present the plan on this.

Meetings

Mr Lyon reported that he had met with **[Redacted]** regarding a PSO for Wick airport. Mr Lyon reported that he attended a meeting in London for the National Aviation Security

Committee last week, that the issues discussed concerned the whole of the UK and were very interesting.

Mr Lyon confirmed that he had been in discussions with HIAL's new Head of Communications and that it had been decided to issue a quarterly newsletter to stakeholders to keep communications open and transparent. He advised of the intention to bring a series of writers on board from different areas to report on various issues.

[Redacted]

Items for note by the board

Programme Director Intro / ATM Update

Mr McAllister joined the meeting at 0956 to introduce himself to the HIAL Board members that he had not yet met and provide an update. Ms Jack enquired how the project team would link up with the various relevant HIAL departments. Mr McAllister advised that it is his intention for each team member to spend some time with their relevant department at HQ at the start of their contract, prior to them being situated at Great Glen house in Inverness. The vast majority of the team will be in place by mid-January with recruitment still ongoing for an admin co-ordinator.

Mr McAlister went on to brief the board on controller resources and staff information within the project team. He championed the team selected and noted a wide knowledge base.

Mr McAlister informed the board that he attended a SAAB Symposium at Cranfield at the end of last month. He advised that there are many people watching what HIAL is doing in terms of the ATM strategy.

He went on to update that he has met with the majority of the ATC teams around the patch, that the teams were positive about being engaged, but he noted that he was not met with full support. ***[Redacted]***

Ms Bruton updated in terms of funding for the project and linking up with Transport Scotland. She advised that HIAL Budget meetings are scheduled at the end of January and noted that the ATM project would be funded separately. She updated that once the Finance Manager for the project is on board that they will look at a 10-year plan.

[Redacted]

The board noted the verbal update from Mr McAlister and eagerly await more information at the board meeting in January.

[Redacted]

Mr McAlister left the meeting at 10:30

Head of Communications Intro

Ms Sutherland joined the meeting at 10:30 to introduce herself to the board and provide an update.

She briefed the Board on her previous experience within the Communications field and advised them of her intention to strengthen the HIAL brand. Ms Sutherland advised that in order to do this, HIAL needs to proactively engage with stakeholders, be prepared in terms of communications and promote HIAL's 'good news' at every opportunity. She advised that communication processes within HIAL are being reviewed and a plan is currently in production.

Ms Sutherland advised that internal communications need to be reviewed, with an aim to focus on staff needs and promoting a team atmosphere. ***[Redacted]***

Ms Sutherland stressed that HIAL needs to work closely with Transport Scotland and the Scottish Government to strengthen support. Many people are not aware of the impacts HIAL has on the communities we serve and this is something HIAL needs to promote.

Mr Whittome enquired about communications resources and Ms Sutherland advised that this would be reviewed with Mr Lyon just before Christmas.

Mr McLaughlin offered the Boards services as an additional resource.

[Redacted]

The board wished Ms Sutherland all the best within the role and look forward to updates.

Ms Sutherland left the meeting at 10:54.

ICT

Item 2 – ICT Update

Darren MacLeod joined the Board at 10:55 to provide the update.

Mr MacLeod informed the board that the transformation of the HIAL network ***[Redacted]*** is now taking place in line with the strategy. He advised that they are a 24-7 provider and that this was a very positive improvement.

Mr Macleod reported that Campbeltown & Islay solutions would be in place by the end of this financial year. **[Redacted]** Mr Macleod reported that a new printing solution is being trialled within HQ, this solution, he noted, has a number of positives and will improve GDPR concerns while reducing print costs and reducing energy.

In terms of cyber security, Mr Macleod updated that this is firmly established within the team, with HIAL seeing constant improvements and getting better at spotting breaches and attacks. **[Redacted]**

In terms of funding, Mr Macleod noted that these items were moving towards a revenue type cost and that all these are being built into plan going forward.

Mr Macleod updated that regarding projects and project assurance, we have been liaising with the Office of the Chief Information Officer (OCIO) over the past year and that they are particularly interested in the ATMS project and we are meeting with them **[Redacted]** to discuss this further. They are particularly interested in the technology aspect of the project. Mr Macleod referred to the paper submitted to the Board and gave a brief explanation of the project methodology that the Company uses. It is an agile methodology, which is the same as the Scottish Government with 4 key phases, which are outlined below:

DISCOVERY – Understanding the project and how it is to be delivered as a service

ALPHA – Wire frame testing, what it will look like etc.

BETA – last phase before going live

LIVE SERVICE with continual improvement and review

Mr Macleod advised that he and Mr McAlister have been working closely and have done a lot of work on reviewing the technology and network connectivity. He informed that there would be a dedicated IT manager within the project team that will work closely with the HIAL corporate IT team.

[Redacted]

Ms Jack commented on the Environmental benefits such as reducing the carbon footprint and reducing costs and asked if this was currently being measured. Mr Macleod confirmed that it was and Ms Jack suggested that this should be included within HIAL's annual report. She also noted that now the Head of Communications was in post she should assist the Chair and Managing Director with this statement going forward, focusing more on positives. The Board thanked Mr Macleod and noted the update.

Mr Macleod left the meeting at 11:05.

HR

Ms Sillars joined the Board at 11:07 to provide an update.

Item 3 - HR Update

Job evaluations

Ms Sillars updated that HIAL has now informed staff of the process, how it took place and has distributed a Q&A. She informed that the results of the evaluations for each role are being posted out today and tomorrow and that a period of time has been scheduled for informal queries before the formal appeals process begins. **[Redacted]** Ms Sillars noted that the unions have been involved, fully engaged and sited throughout the process.

Ms Sillars informed the Board that the new Learning & Development Manager is now in post. **[Redacted]**

Items for Board Approval

Item 20 – ATC Pay Dispute (confidential)

[Redacted]

Item 4 - HPS Update

Mr Lyon outlined the paper submitted to the board.

[Redacted]

Ms Sillars left the meeting at 12:11.

Items for note by the board

Item 19 – Infrastructure / Capital Update

Mr Inglis joined the Board at 12:15 to present the infrastructure database for the capital plan. Mr Inglis presented a different format for keeping track of the physical and operational risks for all 11 airports. He explained a traffic light system that included information on priority and expiry, in terms of each asset.

Mr Lyon proposed to bring this to every other Board meeting to enable the Board to keep track of the plan and also proposed sharing this plan with Mike Baxter at Transport Scotland at the same time.

Mr Inglis asked the Board if there was anything that they wished to add to the database that could be of use to the Board.

The board confirmed that there was nothing they wished added and that they are content with the database and plan going forward.

Mr Inglis left the meeting at 12:30.

The Board had a 10 minute break for Lunch and re-convened at 12:45

FINANCE

Budget

There was some discussion regarding the impending Scottish Government budget progress and announcement due on Wed 12th Dec. Mr Cox advised of a draft figure for HIAL's capital budget **[Redacted]**.

[Redacted]

Mr Cox further noted that the revenue figure estimated included the ATMS budget, **[Redacted]**.

Ms Bruton and Mr Lyon confirmed earlier Board discussions when funding for the ATMS project had been agreed as a separate stream and it was impossible to accommodate this level of expenditure within the HIAL budget.

Mr Lyon has suggested looking at the revenue / capital split as a means of easing the potential short fall.

The HIAL Board adjourned to commence the DAL board meeting at 1300

The HIAL Board re-commenced at 1320

FINANCE

Mr Cox had received clarification and confirmed that the ATMS project had been included in the figure **[Redacted]**

Item 5 – HIAL Monthly Accounts

There was some discussion on the loan offer and Ms Jack asked for this also to be covered within the agenda for the Board meeting in January.

There were no questions and the Board noted the paper.

Item 6 – AMSL Monthly Accounts

There were no questions and the Board noted the paper.

Items for approval by the board

COMMERCIAL

Item 15 - IABP Update

[Redacted]

Mr Whittome enquired about car parking at Inverness airport, how close they are to capacity and whether building new car parking areas would be justified in view of the diminishing returns on each additional car parking space. Mr Lyon advised that the problems arise at peak times, in summer and in October and that with the new BA flights expected that it is necessary.

FINANCE

Item 17 – Airport Charges

Mr Whittome declared his interest in this item as a customer of Inverness airport.

Ms Bruton asked the Board to consider and approve a ***[Redacted]*** rise in airport charges based on CPI levels. ***[Redacted]*** after some discussion the board settled on a 3% rise.

[Redacted]

BOARD DECISION: The Board approved a 3% rise in airport charges.

[Redacted]

Item 18 – Group Delegated Authorities

Ms Bruton advised of new staff added to the register and asked for Board approval of the update.

BOARD DECISION: The Board approved the changes to the group delegated authorities register.

Items for note the board

OPERATIONS

Item 16 - Islay Plan

Mr Stuart updated on where HIAL stands in terms of the modular accommodation proposal. Mr Stuart showed the Board photos of what the team has been considering **[Redacted]** Mr Stuart informed that the team are currently working through the best option in terms of procurement and advised that the Business case has not yet been submitted but it was in process.

There was also some discussion on the possibility to rent these units out as a commercial opportunity.

The board noted the update and awaits further information.

Item 7 – Operations Summary

Mr MacRae briefly outlined the paper. He advised that in terms of the Fast Rescue Craft, more work and a communications plan was needed and that the Head of Communications will be engaged more.

[Redacted]

Mr MacRae briefed the board on the meeting attended at Cranfield University concerning Project Fresson **[Redacted]**

Mr MacRae updated that work is continuing with Loganair on mitigating the risk of bird strikes.

Mr MacRae updated that HIAL is preparing to run a stakeholder engagement and information-sharing workshop in February 2019 to provide an overview and insight into the

many operational functions and services that it has expertise in. Invitees will include colleagues from the Local Authorities and specifically those who currently operate air services within their communities. He informed that a draft agenda has been submitted with the intention for the Head of Communications to promote it.

The Board noted the update.

Item 8 (A-G) – Risk Management

Mr MacRae advised that there was nothing to note on this item and the Board noted the paper submitted.

The Board noted the update.

Item 9 – Airport Operations

Mr Stuart briefed the board and showed slides on the ACI Europe Air Traffic Report.
[Redacted]

Hold baggage project

Mr Stuart presented the developed option 3a-a proposal for Inverness airport and Mr Savile enquired about using a mezzanine. Mr Stuart advised that this had been considered but that was not as easy as first proposed and confirmed that ceiling height was not an issue.

Ms Jack wished to stress that, following her visit with staff at Inverness airport, space is a real issue that needs addressing.

Mr Stuart went on to present the options for Sumburgh airport and Kirkwall airport.

The Board noted the update.

Item 10 – Customer Experience

Mr Stuart outlined the paper and showed the Board the screenshots in terms of keeping track of the customer experience. **[Redacted]**

The Board noted the update.

Item 11 – AMSL & Security

Mr Stuart presented an overview of how the airports are performing in terms of tested x-ray threats and noted that overall HIAL is performing well.

The Board noted the update.

Item 12 – Car parking

Mr Stuart presented a cost and return breakdown in terms of car parking revenue for Kirkwall, Stornoway and Sumburgh.

The Board noted the update.

COMMERCIAL

Item 13 – Commercial Report

[Redacted]

In terms of British Airways, Mr Lyon advised that they have agreed a two-year deal. He informed that he would be meeting with them on January 17th with Inverness airports General Manager in London ***[Redacted]***.

Mr Lyon proposed a day to gather together Local authorities, stakeholders and economists to discuss HIAL's strategy document, but also covering air services, value, economics and the impact these things are having on peoples' lives on the islands.

[Redacted]

GDPR

Item 14 – Data Protection Update

There were no questions on this paper.

GDPR Training for the Board

Ms Taylor and Mr MacLeod joined the board at 14:23 and presented training to the board on GDPR Compliance. They left the meeting at 15:30.

Items for Board Discussion

STRATEGY UPDATE

Mr Cox updated on Aviation strategy and it was noted that HIAL's aviation strategy would link in with this.

AOB

Ms Donaldson informed that due to a lack of flights and accommodation in Shetland in January, the board meeting location had been changed from Sumburgh to Campbeltown. She advised that this was due to a local festival being held in Shetland.

There was some discussion regarding a proposal for a Decreasing Margins and Safety – Risk Workshop / Symposium Mr MacRae is arranging. It was clarified that this would be held somewhere in the central belt.

The board proposed that the date be changed to tie in with the next Board meeting and the 31st of January was proposed for this workshop.



HIAL Board Meeting concluded at 1550

Date of next meeting – 30th January 2018 in Campbeltown