

**MINUTES OF THE HIGHLANDS & ISLANDS AIRPORTS LTD (“HIAL”) BOARD  
HELD AT THE HYNISH CENTRE, TIREE ON 23<sup>rd</sup> OCTOBER 2018 AT 13:30**

<b>Board Attendees:</b>	Lorna Jack (Chair) Inglis Lyon (Managing Director) Gillian Bruton (Finance Director) Jim McLaughlin (Non-Executive Director) David Savile (Non-Executive Director) Tim Whittome (Non-Executive Director)
<b>In Attendance:</b>	Mark Stuart (Director of Airport Operations) Robin MacRae (Director of Operational Support) Michael Bratcher (Transport Scotland) Shelly Donaldson (Personal Assistant – Minutes)
<b>16:30 – 17:00</b>	Jonathan Hinkles (Loganair)
<b>17:00 – 17:30</b>	Andy Wright (Tiree Community Development Trust)

**The Board meeting commenced at 12:00**

**Apologies**

Mr Cox sent his apologies.

**Declarations of Interest**

There were no conflicts of interest noted.

**Matters Arising**

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

11. BREXIT

Ms Jack reported on her session with CBI.

The No Deal paper on aviation from the UK Government was circulated to the board and Mr Lyon confirmed that he had met with Border force.

Ms Jack asked what the Audit Committee had discussed in terms of Brexit and Mr McLaughlin advised that HIAL is looking for guidance from the Scottish Government. It was highlighted at the Committee, that there is still work to do on the risk areas for HIAL,

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

Ms Jack advised that the HIAL Board need to be sighted on BREXIT risks to HIAL.

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

## Chair's Report

Ms Jack had the following to report to the HIAL Board.

### Chair Recruitment

Ms Jack reported that the process is ongoing following a slight delay. The expectation being for the HIAL Board Chair to be announced and in post by late November 2018. She confirmed that she understood interviews had taken place and the selection process is currently ongoing. Ms Jack confirmed that she would continue as Interim Chair until the Chair is appointed.

### Upcoming Meetings

Ms Jack briefed the board that she and Mr Lyon have various meetings scheduled. In terms of ATM 2030 Strategy update with Stakeholders, she and Mr Lyon will meet with MSP's for Shetland and Orkney tomorrow in Edinburgh. Two briefings have been scheduled for Ms Jack and Mr Lyon to brief the MSP's in Edinburgh on 30<sup>th</sup> Oct and MP's in London on 22 November and various dates for briefing meetings and calls with local authorities from now until the end of the year.

Ms Jack confirmed that she and Mr Lyon would meet with Mr Wheelhouse on 27<sup>th</sup> Nov  
**(Redacted under FOISA Section 33 (1) b).**

### Meetings concluded

Ms Jack confirmed that she and Mr Lyon had met with the Cabinet Secretary for Transport, Infrastructure and Connectivity, Mr Matheson, and that he was supportive of the Company. In terms of the ATC 2030 Strategy, he thought HIAL could reemphasise the rationale for the project, **(Redacted under FOISA Section 33 (1) b)**. It was noted that the Cabinet Secretary would attend a briefing with the Unions tomorrow, which Mr Cox will also be attending.  
**(Redacted under FOISA Section 33 (1) b).**

### Strategy

Ms Jack reported that Mr Matheson is very interested in a **(Redacted under FOISA Section 33 (1) b)**. Mr Cox will report back to HIAL in due course, but it was noted that Mr Cox had recommended previously, for the team to keep working on the HIAL strategy and consulting with stakeholders in the meantime.

The HIAL Board meeting was paused to review DAL board business at 12:33.

The HIAL Board meeting recommenced at 13:35.

### Strategy (continued)

Mr Whittome wished to note that as far as HIAL was concerned, a key part of the aviation strategy was route development. He commented that in this respect the current Irish national aviation strategy was very straight to the point and what he felt HIAL needs. Ms Jack informed that Mr Cox was currently working on this and wished to wait for an update from him.

After some discussion, it was decided for the HR Director to continue with the actions and the strategy for the time being.

### **Managing Director's Report**

Mr Lyon confirmed that the majority of his report was contained in the Board papers and that he had nothing to add at this stage.

## **Items for Note by the Board**

### **FINANCE**

#### **Item 2 – HIAL Monthly Accounts**

Ms Bruton advised that the accounts are looking positive, but warned that winter was fast approaching with De-icer as an area of concern. She advised that overall, revenue was up **(Redacted under FOISA Section 33 (1) b)** with the risk areas being staff costs **(Redacted under FOISA Section 33 (1) b)**. She noted that this would be monitored within the airports. The Director of Airport Operations and the HR Director are well sighted on this issue. Ms Bruton confirmed that the pay remit went through in Sept 2018. Mr Bratcher is bidding for extra funding for HIAL.

Ms Bruton advised that everything was in line in terms of Capital, **(Redacted under FOISA Section 33 (1) b)**. She also advised that the Director of Airport Operations was currently reviewing the Shovel ready projects. **(Redacted under FOISA Section 33 (1) b)**.

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

The Board noted the update.

#### **Item 3 – AMSL Monthly Accounts**

Ms Bruton reported that the pay remits for AMSL had now gone through and that the accounts were showing **(Redacted under FOISA Section 33 (1) b)** positive with costs under control. Ms Jack queried if HIAL could recover overtime payments. Mr Lyon advised that some could be recovered but not the instances due to weather or sickness **(Redacted under FOISA Section 33 (1) b)**.

## **OPERATIONS**

### **Item 4 – Operations Summary**

Mr MacRae updated on the HIAL rescue craft; **(Redacted under FOISA Section 33 (1) b)**. He advised that a working group had now been established, looking at risks to staff with an aim to report back to board in December.

Mr MacRae informed the Board that HIAL is not losing sight of the risks to HIAL staff or the decision taken in principle by the Board previously. **(Redacted under FOISA Section 33 (1) b)**.

The board were content that there is no 'do nothing' option and agreed that HIAL should look at individual situations **(Redacted under FOISA Section 33 (1) b)**. Mr Whittome suggested looking at types of situations that HIAL would respond to.

Ms Jack **(Redacted under FOISA Section 33 (1) b)** suggested that more work is needed. Mr Lyon agreed but stressed that HIAL needs to fully consult with staff first.

The board noted the updates.

### **Item 5 – Airport Operations**

Mr Stuart provided an update on passenger and movement numbers noting the overall passenger performance for September as down by 5.8% and YTD performance flat at 1.2%. Movements were down 5.2% on the month and flat YTD. He updated on all movements **(Redacted under FOISA Section 33 (1) b)**.

There were no questions and the board noted the paper.

### **Item 6 – Customer Experience**

Mr Stuart provided the board with highlights from the ASQ at Inverness airport. He advised that within the UK, Inverness came overall second to London City airport, ranking 12<sup>th</sup> in Europe, but that Inverness took first place in the Business category within the UK and ranked 8<sup>th</sup> in Europe .

He reported that Security came first in three categories within the UK; Courtesy, Thoroughness and Waiting time and came second in the Safe/Secure feeling category. Within Europe, Security came 4<sup>th</sup> in three categories.

Mr Stuart reported that Inverness ranked relatively poorly in eating and shopping facilities.

The ASQ slides have been put on the HIAL SharePoint portal for the board to view at their leisure.

The Board noted the paper and update.

### **Item 7 – AMSL & Security**

In addition, Mr Stuart informed the Board that he would be attending the Cross Parliamentary Group on aviation at Holyrood on 24 October.

There were no questions on the paper and the update noted by the board.

### **ICT**

#### **Item 8 – ICT Update**

The Board noted the paper and there were no questions.

### **HR**

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

### **COMMERCIAL**

#### **Item 10 – Commercial Report**

##### Inverness Park and Ride

Mr Lyon informed the board that he had been in discussions regarding the proposed park and ride between the new train station at Tornagrain and Inverness airport. **(Redacted under FOISA Section 33 (1) b).** Mr Lyon will report back at the next board.

##### Loganair

**(Redacted under FOISA Section 33 (1) b).** Mr Hinkles from Loganair will join the board to provide a more detailed update later today.  
**(Redacted under FOISA Section 33 (1) b).**

##### British Airways

Mr Lyon circulated the report regarding British Airways' proposal for a night operation at Inverness. He reported that traffic was good with BA and with the current contract position, if there were changes, this would be in the form of an addendum to the current contract.

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

Mr Lyon reported that the added economic development to the highlands as a result of this route would be very valuable and that it may have been useful to have had visibility of the lift in activity to support discussions.

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

### **AUDIT COMMITTEE UPDATE**

#### **Item 11a-d - Risk Management papers**

Mr McLaughlin updated on the Audit Committee meeting earlier that day.

He advised of a very good report from the internal auditors on the IT systems.

In terms of the follow-up audit, there were outstanding audit actions from previous audits.

He advised that these actions mainly lay with HR and contracts, this has seen a slight delay, but is happening slowly and with the new teams in place, it should now move more quickly. Mr McLaughlin advised that in terms of the Strategy launch, permission has been given to proceed for the HR Director to set peoples objectives against the strategy.

He reported that there had been discussions on the Inverness airport Hold baggage issue, and the Audit committee handbook.

Mr McLaughlin reported on the Non – Executive Board Member training that he and Ms Jack attended and noted this as very useful, recommending that more members of the Audit Committee and HIAL Board attend the next course.

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

#### **Item 12 - IABP Update**

Mr Lyon outlined the paper on the IABP update and noted that the IABP board made the decision to proceed with a leasehold rather than a freehold option for the airport hotel and that this was progressing.

The Board noted the update.

#### **Item 13- ADT Verbal Update**

Mr Lyon informed that he attends a working group on ADT and that Mr Bratcher also attends. He outlined the case being made to the Scottish Government to retain the exemption. Mr Bratcher clarified that the view of the Scottish Government is that the Highlands & Islands exemption needs to remain or that a means of providing an equivalent benefit is developed.

The board noted the update.

#### **Item 14 - Capital update**

Mr Lyon outlined the paper and informed the board that a call took place with colleagues in Transport Scotland to discuss. He stressed that there are things HIAL must do to keep the airports operational (**Redacted under FOISA Section 33 (1) b**). The feedback received was that this was understood and Transport Scotland have asked HIAL to provide assurance that we can spend the amount asked for, (**Redacted under FOISA Section 33 (1) b**). HIAL has had reassurance that our numbers are in their forecast.

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

### **Items for Board Approval**

#### **Item 15 – ATMS Report**

Mr Lyon outlined the paper and highlighted the intention to take more staff than needed across the company, should the recent recruitment exercise provide the opportunity to do so. In so doing, it would provide an opportunity to help manage the transition.

BOARD DECISION: The Board approved the recommendation from the Project Board that Inverness be the first site to transition with the proviso that staff numbers are not reduced as part of the transition and that we involve our operational staff in arriving at the appropriate staffing levels.

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

This was agreed and noted by the board.

There was some discussion on the new ATMS Project team in terms of recruitment and where they would be located. Mr Lyon informed that the team would not be located at HIAL Head office, but offsite at a rented facility in Inverness.

Mr Bratcher warned to be mindful of the SPFM requirements when leasing and to first exhaust the possibility of cohabiting with other public bodies.

This was noted by Mr Lyon and the Board.

#### **Item 16 – Islands Impact assessment**

Mr Lyon outlined the paper submitted to the Board and advised that HIAL does not have to do anything at present, but that good practice suggests that this still needs attention. He noted that attached to the paper was a first draft but that HIAL will await further detail from the Scottish Government, such as what the assessment should look like and whom HIAL should involve.

Mr Bratcher advised that the Scottish Government would produce regulations and guidance on how best to do this.

**BOARD DECISION:** The Board noted the contents and approved the proposed process for the implementation of Island Impact Assessments subject to further detail on the form and structure from the Scottish Government.

The approval process being:

1. Senior Management investigation and approval
2. Audit Committee approval
3. HIAL Board for final approval.

### **Item 17 – Car parking**

Mr Stuart outlined the paper and asked for the Board's approval to continue the Sumburgh Airport scheme to completion. Ms Jack requested a cost breakdown.

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

**BOARD DECISION:** The Board noted the update and approved the continuation of the Sumburgh Airport scheme to completion.

### **Item 18 - Islay Plan**

Mr Stuart outlined the board paper on the plan for Islay airport and that full recovery of costs against operational requirements was not possible in the context of the number of flights using Islay Airport and the additional scheduled route to Edinburgh in Summer 2019.

The Board were asked to approve the following:

1. The increase of the Islay Airport operational complement to 17 full time staff
2. The increase in the Security complement to 16 from the current 9
3. The recruitment of a Watch Manager (OIC) internally.
4. The introduction of an ILY weighting allowance.

There were some questions from the board regarding affordability, as this will be an additional cost of £236k that HIAL does not have.

**BOARD DECISION:** The board approved the recommendations 1-4 above in principle and sought detail on the weighting allowance. In terms of the additional Loganair costs, the Board agreed an open book approach with Loganair would be helpful.

The Board were then asked to approve the following in principle:



5. Resurface runway pavements (13/31 and 08/26) to HIAL design spec (subject to stakeholder engagement):
  - a. 13/31 Jacobs cost estimate - £3.24m (Cap Plan currently £2.54m);
  - b. 08/26 Jacobs cost estimate - £607k (Cap Plan currently £514k);

BOARD DECISION: The Board approved the next stage; to proceed to the completion of the Feasibility Study – Gateway 2.

6. Introduce modular accommodation on HIAL land adjacent to the airport.

BOARD DECISION: The Board approved this project to proceed to the next stage with Mr Stuart providing a proposal at the next Board Meeting.

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

### **Items for Board Discussion**

#### **Strategy Update**

This update was provided at the start of the meeting.

#### **AOB**

Ms Donaldson asked the board if they were available to attend a Stakeholder dinner on 10<sup>th</sup> Dec, the night prior to the next Board meeting on 11<sup>th</sup> Dec. Mr McLaughlin offered his apologies and stated that he would also be late in attending the meeting on the 11<sup>th</sup> due to other commitments. This was noted by the board and the dinner on the 10<sup>th</sup> approved.

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

Ms Jack advised of the contents of a letter from Prospect. The board noted the contents and Ms Jack agreed to respond advising that the MD and Director of HR would meet with Prospect to attempt to resolve.

#### **The HIAL Board Meeting concluded at 16:30**

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**Date of next meeting – 11 Dec 2018 in Inverness, HIAL HQ**



Following the Board meeting there were two presentations, the first being an overview of operations presented by Mr Johnathan Hinkles from Loganair and the second being a presentation on local developments on Tiree by Mr Andy Wright from the Tiree Community Development Trust.

The Board thanked Mr Hinkles and Mr Wright their presentations and for attending.