

MINUTES OF THE 228TH MEETING OF HIGHLANDS & ISLANDS AIRPORTS LTD (“HIAL”) BOARD HELD AT
HEAD OFFICE, INVERNESS ON 30TH AUGUST 2016 AT 1.00PM

Present	Dr Mike Cantlay Mr Inglis Lyon Ms Gillian Bruton Ms Lorna Jack Mr Jim McLaughlin Mr David Savile Mr Tim Whittome	Chairman Managing Director Finance Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director
In Attendance	Mr Gary Cox Mr Robin Macrae Mrs Kirsteen Adams	Transport Scotland Head of Operations Minutes

Item 1 – Apologies

Apologies were received from Mr Mark Stuart.

Item 2 – Minutes of the Previous Meeting

2.1 The minutes of the meeting held on 29th June 2016 were accepted as a true reflection of the meeting.

2.2 The redacted minutes of the meeting held on 29th June 2016 were approved.

Item 3 – Matters Arising from the Minutes

There were no matters arising from the minutes.

Item 4 – Corporate

4.1 Risk Management

IT Risk Management

Mr Macrae explained the following concerns raised by a contracted member of the IT team which were subsequently corroborated by Fujitsu.

(Redacted under FOISA Section 33 (1)b)

Mr Savile asked whether some of the issues lay with HIAL noting that IT spend had been recognised as insufficient and not enough significance had been placed on IT at a strategic level. Mr Macrae suggested it was a combination of issues including that there had been an assumption within HIAL that everything was as it should be.

(Redacted under FOISA Section 33 (1)b)

Ms Jack commented that IT investment required urgent attention and Ms Bruton confirmed that the opportunity to outsource HIAL's IT function had been incorporated into the budget however adding that this would most likely need revisiting once a HIAL had a clearer picture of what would be involved. Mr Savile suggested looking into the Google Cloud Platform which could potentially offer HIAL a significant step forward in the way its IT systems were managed. Ms Bruton confirmed that all options would be considered in the round.

4.2 Safety Management

GAMA Bird Strike Incident

Mr Macrae noted the recent bird strike incident at Stornoway Airport involving a GAMA aircraft **(Redacted under FOISA Section 33 (1)b)** He confirmed that all appropriate bird scaring measures were in place however it was not possible to mitigate against all possible scenarios. A working group had been formed to look into the matter further and the outcomes would be shared with the Board.

4.3 Operational Report

Task and Resource Analysis

Mr Macrae confirmed that this exercise had now been completed for all of HIAL's airports with the exception of Sumburgh.

(Redacted under FOISA Section 33 (1)b)

SFRS Collaboration

Final stages of the collaboration had stalled due to staff changes.

(Redacted under FOISA Section 33 (1)b)

Remission

Mr Macrae spoke of the CAA guidance on the application of Remission and cargo movement categories providing the opportunity to accept occasional higher category aircraft movements and would bring the results of the impact assessment to the next board meeting.

4.4 Regulatory Report

ADS-B Trial – Dundee Airport

(Redacted under FOISA Section 33 (1)b)

Mr Macrae noted this solution would not be feasible in Dundee however HIAL was conscious that a mitigation should be found. Consequently, a business case had been submitted which proposed a scoping exercise to trial a potential solution. The scoping exercise itself was £25k and the equipment required to trial the solution circa £250k.

4.5 Environmental Management Systems

The Chair suggested that a significant element of the EMS paper could be reviewed by the Board on an annual basis and Mr Lyon confirmed that a different approach to the paper would be taken going forward. Ms Jack wanted to see regular updates regarding SEPA.

4.6 Alternative Security Measures

Mr Lyon noted the DfT delay and anticipated a go live date in October 2016.

4.7 Infrastructure Services

Ms Jack noted the potential closure of the cross runway at Benbecula following due to a lack of use (3% of all traffic in 3 years). She asked whether an alternative use could be found for the space preventing it from being written off. Ms Bruton would investigate.

4.8 Southern States

The paper was noted.

4.9 HIAL IT

The Board had discussed the detail during item 4.1.

4.10 SEPA

The paper was noted.

4.11 HIAL Operations Plan

Mr Lyon talked the Board through the main aims which would allow for greater Board / SMT measurement against tangible KPIs. Mr McLaughlin suggested that the aspirational targets should be accessible to all so that lower level employees could buy into HIAL's corporate aims.

The Chair commented that the plan was a good starting point and that HIAL needed to demonstrate it was as good as other airport operators around the world. He added that despite the financial constraints HIAL was under, there were still a number of commercial opportunities which could be developed thus demonstrating that the organisation was becoming increasingly self-sufficient. Customer service was another key area for consideration and the Chair suggested that this should be a vital element of the plan.

It was Mr Lyon's intention to launch the plan on 1st April 2017.

Item 5 – Business

5.1 Commercial Report

Sumburgh Offshore Aviation Contracts

Mr Lyon highlighted the opportunity at Sumburgh to amalgamate the various off-shore activities under one operator and HIAL was continuing to discuss this option with the oil companies. Mr Savile asked what the main driving force behind the proposal

(Redacted under FOISA Section 33 (1)b)

London Heathrow

The Board noted the very positive performance of the Inverness – London Heathrow service which had exceeded all expectations. The market for the BA flight was notably different from other airlines and the Chair asked what solution would be offered in terms of car hire for the BA market as there had been a number of service delivery issues with the incumbent car hire companies. **(Redacted under FOISA Section 33 (1)b)** Mr Lyon would meet with the incumbent car hire companies and raise the service level issues, providing an update at the next board meeting.

Amsterdam

The passenger numbers for the Flybe and KLM Amsterdam flights were noted, with KLM significantly outperforming Flybe. The Chair commented that it was vital the right airlines were operating the right routes, which could be seen with KLM and BA.

Brexit Priorities

Ms Jack asked what HIAL's Brexit priorities looked like and Mr Lyon agreed to provide.

Western Isles Council

Mr Cox confirmed that a report was due from the Council regarding what it would like to see in terms of transport services on the islands. Mr Cox stressed that this would be background information for HIAL.

Mr Cox left the meeting.

5.2 Inverness Airport Business Park

Mr Lyon suggested he invite the new IABP Chair along to a HIAL board meeting in the new year. In terms of the longer term outlook for the business park, Mr Whittome asked what the level of anticipated income was likely to be. Mr Lyon confirmed that the new Chair was mindful of such questions which needed to be fully investigated in order to create a strategic picture for the park going forward. Mr Campbell had also identified the need to build a better relationship with HIE and the Chair agreed to help move things forward.

5.3 Single Engine Turbine Operation

Cessna had provided some initial figures with regards to aircraft maintenance which appeared affordable however Mr Lyon confirmed that potential funding partners for the operation were still being sought. **(Redacted under FOISA Section 33 (1)b)** Mr Lyon confirmed that he would follow up with Loganair.

Item 6 – Finance and Legal

6.1 Monthly Accounts

Forecast

Ms Bruton noted that HIAL was slightly ahead of budget (**Redacted under FOISA Section 33 (1)b**)
The Chair suggested that HIAL must articulate better that the Company was doing all it could to operate a cost efficient business with the funding it had been given and continually striving towards self-sufficiency. Mr Lyon agreed adding that year on year, the Company was £1m ahead in revenue which should be highlighted to a greater extent.

6.2 Annual Accounts

Ms Jack noted the good audit report which had highlighted an improvement on the risk management position. The Board was content to sign the annual accounts and associated management letter.

6.3 Procurement Report

The paper was noted.

6.4 Sumburgh Airport and SIC Report

The Board was content for Mr Lyon to negotiate as favourable a deal as possible with Shetland Isles Council during the forthcoming mediation sessions.

6.5 Data Protection

Mr Lyon explained that further work was required to establish what exactly was required and how this would align with HIAL's vision for Sharepoint and an outsourced IT service. HIAL would look at other public sector examples and Ms Jack offered to provide guidance from the Law Society and how it managed data protection.

Item 7 – Human Resources

7.1 HIAL Pension Scheme

The paper was noted.

7.2 HIAL Pay Remit

The paper was noted.

Item 8 – AOB

There was no other business to attend to.

Ms Jack noted her apologies for the board meetings on 4th October but would participate via Skype for the strategy part of the meeting.

9. Date of Next Meeting

The next Board meeting will be held on Tuesday 4th October 2016 at Head Office, Inverness.