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DAL Board Minutes
Monday 31st October 2022 Microsoft Teams

Board Attendees: (LJ) Lorna Jack (HIAL, Chair)
(IL) Inglis Lyon (HIAL, Managing Director)
(LS) Loraine Strachan (Non-Executive Director)
(EH) Eric Hollanders (Non-Executive Director)
(CH) Chris Holliday (Non-Executive Director)
(LC) Lynne Clow (Non-Executive Director)
(GCg) Greg Colgan (Non-Executive Director)

In Attendance: (GC) Gary Cox (Head of Aviation, Transport Scotland)
(GH) Gregor Hamilton (Dundee City Council)
(DS) Denise Sutherland (HIAL, Head of Communications)
(AS) Andrea Sillars (Director of Human Resources)
(DM) Darren MacLeod (HIAL Acting Director of Corporate Operations)
(GF) Geordie Farquhar (HIAL, Director of Operational Support)
(SD) Shelly Donaldson (HIAL EA - Minutes)

DAL Board Meeting Commenced at 13:45

The Chair welcomed everyone to the meeting.

Apologies

Apologies were received from Isabel Todenhoefer (Non-Executive Director) and Jackie Clark (HIAL EA - Minutes).

The Chair informed the Board and attendees that the meeting was being recorded and the recording would be deleted on completion of the minutes. No objections were received.

Declarations of Interest

The Chair noted the usual declarations of interest with some new interests as follows.

LC will shortly become a non-executive Director of Ithaca energy PLC an oil and gas operator in Aberdeen.

CH has ceased being involved in the Channel Islands group in early September.

LJ will become Chair of the private sector group Opelus Financial.

GCg informed he was now a member of the University of Dundee court.

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ACTION: The Chair asked that the declaration of interest forms to be circulated and updated to HIAL and DAL board members (JC)

Matters Arising

Item 6 from 05 May concerning mitigations for DAL corporate risks was marked as complete. GCg informed that GCb had sent information and that this was sufficient.

Item 11 from 05 May concerning potential risks of the CAA not issuing a special condition in terms of the Dundee runway code safety case, was marked as ongoing. IL advised that a draft version had been shared with the CAA for their comments and a final version will be produced in due course.

Item 1 from 31 August concerning mitigations on the removal of EGNOS is to be taken off matters arising. IL suggested this now take the form of a regular update within the Operations update paper.

In regard to items 4,5 and 6 from 17 Dec 2019, GCg advised that with the PSO now being finalised for another year, **Information withheld No 1** and suggested now would be the time to look at a strategic business development plan for Dundee, and start to progress that with Transport Scotland, Tactrans and other organisations. There was a discussion on timescales for this and it was noted that **Information withheld No 1.**

ACTION: The Board to have a discussion at the February 2023 Board meeting in regard to the Strategic Business Development plan for Dundee and clarify the future vision (JC to add to the agenda)

Chair's Report

LJ advised that she had written to the Minister regarding HIAL's spending outcome review due to concerns with HIAL's revenue and capital budgets beyond this financial year and is still awaiting a response to this.

In regard to the recently announced Loganair sale, the Chair of Loganair had reported to LJ that **Information withheld No 4** he would be leading the sale himself to ensure the buyer(s) continue Loganair's commitment to the communities they currently serve.

Information withheld No 1.

Managing Director's Report

The MD advised that HIAL now has a revised approach on how we are regulated by the CAA. This brings with it an increased level of scrutiny and a good deal more detail coming

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out from the various audits, which is proving quite a challenge for the local airport teams. The first corporate audit under this revised approach begins tomorrow (01 November) and will be concluded on 02 November.

GC was asked for the draft letter which would provide the company with assurance on funding, and it was important HIAL receive this tomorrow in order to update the regulator.

HIAL was forced to review and increase its airline charges across the HIAL network in order to fund the pay award which is currently under dispute. **Information withheld No 4.** The teams are working on this currently.

Information withheld No 4.

It was noted that the Board previously took the decision to increase charges to all airlines and IL will return to the Board to seek approval if any changes are sought.

HIAL undertook an audit on Information withheld No 4 due to the support provided and have been able to evidence that the support was appropriate.

In terms of the pay award, HIAL and DAL staff were offered 5% on basic pay and 5% on allowances for those earning under £80,000 per annum. This offer was balloted upon and rejected, so IL has written to Transport Scotland this morning to seek clarification on what the parameters are from government. It was noted that anything offered would need to be supported by a business case and once a new offer has been worked out, IL will circulate to the Board, prior to it being submitted to Transport Scotland. IL advised that the staff are looking for around **Information withheld No 4.** It was clarified that the progressive version would be followed through to any new offer.

Audit Committee Update

LS highlighted areas from the Audit Committee held on 17 October. Discussions at the meeting included an update on the Budget and Forecasting audit conducted by Wylie Bisset (WB) with a strong conclusion and a few low-grade recommendations that were agreed would be implemented. On the audit tracker 41 outstanding items were reduced to 24, there were no reported instances of fraud or whistleblowing and there were no changes to the SPFM. The team have taken away actions on the TOR and audit assurance handbook self-assessment and the Audit Committee will be next updated via email in December.

LS informed that there is an additional meeting of the Audit Committee scheduled for Wednesday 02 November to review and approve the annual report and accounts for 2021/22 ready for the Board sign off on 09 November.

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It was highlighted that there were still some issues with how the risks are presented and the team have taken away a number of actions on these. There was a discussion regarding the Board as a risk owner and whether this was appropriate.

There has been no feedback in terms of the proposed sale for IABP.

Corporate Risks

Item 1 – Risks & Safety Update

GF advised that the risk picture for Dundee has not really changed since the last meeting. However, there has been a change in how we manage risks, looking at risk appetite and GF advised that where a risk exceeds the risk appetite a risk treatment plan will come forward to be formally agreed upon and worked through. How risks are scored going forward may also look slightly different as well as how they are presented to the Board which will provide better assurance.

It was noted that IT attended the Safety and Environment Review Board (SERB) and was able to witness how safety incidents are managed, and how the actions that fall out of those are tracked.

Information withheld No 4.

Items for Discussion by the Board

Item A – Operational Update

ATC numbers were stable for Dundee and the team are looking at a situational awareness tool for Air Traffic Controllers, they are currently waiting for approval from the CAA on the guidance document to allow them to go out to market to see what is available. There is a funding package in place for this and phasing will be reviewed in due course.

In terms of EGNOS, GF advised he would provide updates to the Board as things progress.

Recently within the Dundee airport fire service there have been a number of resignations. Recruitment for these positions is taking place but it was stressed that there is not an issue in retention. The Board noted the update.

Item B – Environmental Update

DM advised that Gayle Barclay has joined HIAL as Head of Environment and Sustainability and has already met the team in Dundee. She has undertaken the initial environmental audit which included a full review of the controlled activities licence that are held for the

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site, there were no issues raised. The relationship with SEPA remains positive and even improving now Gayle is in post.

DM advised that the Net Zero work with Ricardo is progressing, and the Sustainability Strategy was now in draft and has been shared with the HIAL Board for comment.

ACTION: Sustainability Strategy and info graphic for Dundee's Carbon footprint to be circulated to DAL Board members (GCg & GH) following this meeting for comment (SD)

Items for note by the Board

Item C – Commercial Update

IL advised that there will be a new route between Kirkwall and London City going via Dundee. The Board asked to see the numbers on this route within the commercial update for DAL. GCg queried why there was no mention of the Dundee to London City flight within the section on recovery within the aviation sector, as according to information that DCC have received there has been an increase of over 20% on pre-pandemic numbers.

ACTION: The numbers for the KOI – DND – LCY route be included as a regular update within the commercial paper for DAL (LJo)

ACTION: To extract the numbers, in terms of passengers and subsidy power, for Dundee from the list of each airport's numbers previously asked for and submit to each DAL Board meeting as a section within the Commercial report (LJo)

Item D – Finance Update – DAL Monthly accounts

JM advised that the position was relatively positive up until the end of August with a favourable variance to the budgetary position largely driven by fuel sales and helped by increased traffic due to golf tournaments. JM advised that he would speak to AT in regard to producing a full year forecast that will be submitted for each Board meeting.

ACTION: JM speak to AT in regard to producing a full year forecast for the Board that will be submitted for each Board meeting (JM)

AOB

Dundee PSO

It was noted that when the PSO contract was extended, the Scottish Ministers had set a target of at least a 10% increase. With the 20% previously discussed and Loganair

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projecting a further 30% increase, this is looking positive and the benefits of the move to London City are starting to be seen.

The passenger growth for the year ahead will be supported by the route to Orkney beginning in April 2023. It was noted that on the back of the Dundee to London City route there will be four scheduled services operating from Dundee, which also includes the Shetland and Belfast services. **Information withheld No 1.**

Despite all the passenger growth the total level of subsidy has been reduced slightly this year, compared to last, but GH suggested this is a symptom of the inflationary pressures that everyone is facing. Loganair have been clear in regard to the impact of this, advising that they are seeing **Information withheld No 1** of additional costs. Even though the route is doing well, the financial package to support the PSO is still inadequate, and GH advised that discussions on next steps are happening later this week.

LJ suggested that Loganair agreeing to take a lower subsidy even with increased cost is a positive, as was the four routes at Dundee and asked about Loganair's marketing for the routes and whether Dundee was being marketed as well as it could be.

ACTION: Invite Peter and Jonathan to join the Board in Feb for 30-45 mins to discuss the Belfast route as well as Marketing of Dundee routes (JC)

GCg wished to stress the importance on the Marketing at Dundee by Loganair, but also reiterated points made earlier in the meeting in regard to the challenges and all the positive things happening in and around Dundee and suggested pulling this all together.

LJ wished to note that this was EH's last full DAL Board meeting as he leaves the Board at the end of November and wished to thank him for everything.

DAL Board meeting concluded at 14:45

Date of the next meeting: 9 November – Accounts signing / 19 December 2022, Virtual

No	Reason for Redaction
1	Withheld for reasons of commercial interests
2	Withheld as the information constitutes personal data



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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