

HIAL Board Minutes – Tuesday 1st March 2022
The Kirkwall Hotel, Kirkwall & Microsoft Teams Video call

Board Attendees:	(LJ)	Lorna Jack (Chair)
	(IL)	Inglis Lyon (Managing Director) - Virtual
	(JW)	Johanna Wallace (Finance & Commercial Director)
	(LS)	Lorraine Strachan (Non-Executive Director)
	(CH)	Chris Holliday (Non-Executive Director) - Virtual
	(IT)	Isabel Todenhoefer (Non-Executive Director)
	(EH)	Eric Hollanders (Non-Executive Director) - Virtual
	(LC)	Lynne Clow (Non-Executive Director)
In Attendance:	(GCb)	Gary Cobb (HIAL Chief Operating Officer)
	(AS)	Andrea Sillars (HIAL Director of HR)
	(DS)	Denise Sutherland (HIAL Head of Communications)
	(GCx)	Gary Cox (Transport Scotland, Head of Aviation) - Virtual
	(JC)	Jackie Clark (HIAL EA – Minutes) – Virtual
11:15 – 12:15	(KF)	Karen Fraser (HIAL Compliance & Assurance Manager) - Virtual
12:30 – 13:15	(RM)	Ross McAllister – (ATMS Programme Director) – Virtual

HIAL Board Meeting commenced at 11:00

Apologies

There were no apologies received.

The Chair welcomed Lynne Clow as a new Non-Executive Director to the Board meeting.

The Chair advised the meeting would be recorded for the purpose of creating the minute and the recording would then be destroyed. No objections were received.

Declaration of Interest

The Chair took as read the usual declarations of interest unless advised of any change. Chris Holliday declared he was joining the board of AST (Air Service Training (Engineering) Ltd) on a 12-month appointment from March 2022.

Minutes and Matters Arising

The Board minutes from the previous meetings on 8th and 9th December 2021 were noted having previously been approved by the Board and published on the HIAL website as per the agreement with Transport Scotland. The minutes from the ATMS Board meeting on 24th January 2022 were reviewed and approved.

GCb advised outstanding matters arising No 4 & 5 from 09.12.21 are now complete and reports will be emailed to Board Members

ACTION: GCb to email reports from matters arising No 4 & 5 from 09.12.21 to JC for circulation to Board Members.

Information withheld No 1

It was agreed the outstanding action 6 from February 21 on cross mapping risk registers would be looked at again in June 22.

Chairs Report

The Chair provided the following update at the [DAL Board meeting](#).

Managing Directors Report

The MD provided the following update at the [DAL Board meeting](#).

Audit Committee Feedback

The Audit Committee Chair provided the following update at the [DAL Board meeting](#).

Spotlight Focus Session– CAA Compliance Monitoring

GCB presented on Civil Aviation Authority (CAA) Compliance monitoring. He noted that a regulatory requirement of the HIAL license was to have an Accountable Manager and a Safety Manager, explaining the roles and responsibilities of each. The CAA meet with the Accountable Manager annually to capture and discuss any hazards or risks which may have occurred.

KF explained how the CAA inspectors review around 30 elements based on intelligence gathered through documentation approval processes, projects, audits, and Mandatory Occurrence Reports MORs to arrive at an overall confidence level of high level 4. There were three main hazards identified with runway incursions as the main safety risk.

GCB provided a summary of areas raised by the CAA. Concern over transient managers and a decrease in confidence at Inverness Airport due to poor audit on ATC and Aerodrome were highlighted. GCB added that the CAA scored HIAL very high in the way they had managed COVID-19. The Safety Management System (SMS) was seen as fit for purpose and well written, but work was required on its delivery. An action plan has been initiated to review training requirements for the SMS.

With the HIAL board members having had little opportunity to physically meet with staff since their appointment due to the COVID restrictions, IL encouraged the Board to engage in the safety activity of HIAL by taking time while visiting airport sites to have conversations with colleagues to discuss HIAL's SMS and gather feedback on how well it works.

There was a discussion on safety culture within HIAL and what was covered in the previous staff survey. AS advised the actions that had been implemented following the responses to the survey.

IL reminded the Board of the commissioned safety culture study by Cranfield which had been shared with the CAA and the importance of managing the progress on the outputs of the study and suggested there should be several themes for the Board to have visibility on as the plans are developed.

ACTION: IL to circulate to Board members the Cranfield Survey Study before next board meeting.

The Chair asked when the Board should revisit safety culture. It was agreed this would be at the June 22 Board meeting

ACTION: The Board to revisit safety culture at the June 22 Board meeting after reviewing actions within the 22/23 Corporate Operating Plan

Company Risks

GCb discussed sensitive risks and how they should appear on the risk register. There should only be one risk register however, there is a proposal to go to Audit Committee which is to have a system built into RIVO with access only for Board members and senior management which will show risks of a sensitive nature separately.

LS advised it was discussed at the Audit Committee that the team are to look at how to introduce risk tolerance for risks which have had mitigations and are sitting above the risk appetite.

LS added that a good audit report was received on risk management which had been completed by our Insurers.

The Chair thanked KF on behalf of the Board for all her work done on risks and the CAA Compliance presentation.

Information Withheld No 4

RM joined the meeting at 12.30

KF left the meeting at 12.49

Papers for Discussion

Item 1 – ATMS Update

RM advised the team are heavily focussed on the development of the detailed business case and a detailed and accurate risk register for presentation to the Board and thereafter Transport Scotland (TS) in June.

Information withheld No 4

A discussion was had around the timeline of submitting the business case and ensuring the Board had adequate time to review and have confidence about the content and costs within the business case.

Information withheld No 4. The Board were informed that there will not be an IDMB meeting in July nor August and that a special meeting may need to be scheduled.

The Sumburgh Radar transition is now in delivery phase. RM updated the Board on the completed levels of training for each ATCO. A discussion was had on the compliment level of ATCOs and the risk on the operation should ATCOs leave. RM added that the SARF (Sumburgh Approach Radar Facility) building works are complete with the equipment fitted and tested and the SSR (secondary surveillance radar) feed being installed on 20th March.

RM updated the Board on the status of the Primary Surveillance Radar at Compass Head, the views of the CAA (Civil Aviation Authority) and advised alternative solutions had been brought to the ATMS steering committee for decision. IL updated the Board on the actions that had come out of the last ATMS steering committee.

Item 2a ATMS Finance Update

JW advised the paper provided an update on the ATMS programme costs following the Board's decision in January 22 for a change of direction to the ATMS programme. JW advised there were inconsistencies in the approach on reporting costs for four projects (including Sumburgh Radar) on whether they were or were not included within the ATMS programme budget and clarification was required.

GCx confirmed that the Sumburgh Radar was not part of the original ATMS business case.

Following a question raised by the Chair, JW advised she was meeting with Gregor Hamilton from Dundee City Council to discuss how the Tay Cities Deal funds would be brought through and their potential impact on the DAL and HIAL accounts.

RM left the meeting at 13:41

The board broke for lunch at 13:41

The board nonexecutives and executive members reconvened at 14:00

Item 2 - ATMS Governance & Structure

The board held a closed session in which they discussed the governance & structural proposals presented by IL and gave input on the issues they wished to see addressed before a new ATMS business case could be signed off.

The board attendees joined the meeting again at 14:35

Item 3 – HIAL Pension Update

The Board noted both IL and JW's interest in the HIAL pension scheme but agreed there was no conflict arising in the update to be provided.

IL provided an update on the HIAL Pension Scheme

Information withheld No 4

Item 4 - Corporate Operating Plan Q3

DS summarised the paper and highlighted that at this point it was likely that three objectives would not be completed in year and may be carried forward into the 2022/23 plan; with two of those being delivered in the first quarter of 2022/23. The 2022/23 operating plan is almost complete and will go to the SMT for review before coming to the Board. DS asked if the Board would approve the 2022/23 Corporate Operating plan by email before the end of March.

Decision: The Board agreed that they would like the opportunity to see the draft 2022/23 Corporate Operating Plan report and discuss together before approval.

ACTION: JC to setup up a virtual board meeting before the end of March for a discussion on the 2022/23 Corporate Operating Plan.

The Board were happy to note the Q3 report and thanked the team for the positive work done.

Business Case Approvals

BC0304F – Barra Terminal Redevelopment

GCB updated the Board on the key points of the paper covering the reason for the additional costs and the request for BREEAM certification.

IL advised the Board that a meeting had been held with Jacobs on the impact of climate change on the HIAL estate, how it will impact on HIAL infrastructure and buildings and what works are required to deliver on HIAL's net zero ambitions.

The Board were reminded under subsidy control to demonstrate that the non-core areas of the terminal redevelopment are separated from Capital Grant subsidy and classed as Loan funding.

IL added the redevelopment of the terminal was providing economic value to the Island.

Decision: The Board approved the spend of up to £3.1m inclusive of a 10% risk in capital budget year 2022/23. An additional cost of £8k is approved for BREEAM certification.

BC0818E – Barra Gabion Baskets (Riverbank Protection)

GcB summarised the content of the board paper and advised the cost was in the 2022/23 capital plan.

Information withheld No 4

Decision – The Board approved the spend of £403,007 to progress to construction phase.

BC1275B – Islay Pavements and Drainage

Information withheld No 1

GcB provided an overview of the board paper covering the drainage, pavements, and apron expansion costs.

Following a discussion on the project costs GcB advised he would arrange for the Board to be taken through the timelines and stages to ensure clarity regarding how costs would develop for large projects.

ACTION: GcB to work with KI on timelines/stages of costs for a large project.

Decision: The Board approved the spend of £597k (additional £338k) to complete the pre-construction stage for runways 13/31 and 08/26 pavements in year 22/23

Decision: The Board approved the spend of £177,350k to commence the Feasibility study for runways 13/31 & 08/26 drainage in year 22/23

Papers for Approval

Item A - Budget

JW provided an overview of the budget board paper advising the budget had been developed on a bottom-up basis with some key initiatives included. A five-year forecast has been included with no wage inflation as requested by TS. JW confirmed other inflationary increases were included within the 5-year forecast however there was no significant investment in resource, and nothing additional assumed within budget for pension.

Information withheld No 4

JW advised on the 15% operational cost increases which included business rates after a two-year relief period due to covid.

The Chair reminded the Board not to look at the forecast as an official 5-year business plan, following a discussion around the growth in cost over 5 years compared to the recovery of income to pre-covid levels after 5 years.

Following a discussion on revenue and how the 5-year forecast was produced the board approved the 22/23 revenue budget.

Decision: The Board approved the 22/23 revenue budget of £41.1m

The Chair asked when the capital plan for 22/23 would come to the board for approval.

Decision: The Board agreed to approve the capital plan at the same time as the Corporate Operating Plan at a virtual meeting before end of March 22.

Item D – Benbecula & Wick Service Provision

IL updated the Board members on a letter received from Western Isles Council suggesting setting up a working party to discuss the direction of Benbecula only and suggesting who should and should not be included. IL summarised the board paper and the preferred option for going forward.

Information withheld No 4

The Board discussed the preferred option and covered HR issues, the option of developing the COE at another airport and the likely future position of the CAA on the service level change.

Decision: Information withheld No 4

Item E – Loganair Support

IL summarised the board paper **Information withheld No 1.**

Item C – Job Evaluation

AS recapped to the Board the board paper taken at the last board meeting and the decision taken by the Board.

Information withheld No 4

Decision: The Board agreed to a phased approach based on the legislative requirement of equal pay element.

The Board meeting concluded at 17.41 to meet with the local stakeholders.

The Board reconvened at 08:45 on Wednesday 2nd March 2022.

Item B – Framework Agreement

The Board discussed the draft framework document and asked for amendments.

ACTION: JW to update draft framework document with amendments. IL to pass his queries to JW.

Decision: The Board were content to approve the draft framework document subject to the changes made and the new draft being reviewed again by the Board.

AOB

Information withheld No 1

The Chair advised the Non-Executive Directors that she would be scheduling one on one evaluations over the next few weeks.

HIAL Board Meeting concluded at 09:20
Next Board Meeting 4th May 2022, Sumburgh

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