

HIAL Board Minutes – Thursday 10th June 2021
VIA Microsoft Teams video call

Board Attendees: (LJ) Lorna Jack (Chair)
(IL) Inglis Lyon (Managing Director)
(JW) Johanna Wallace (Finance & Commercial Director)
(EH) Eric Hollanders (Non-Executive Director)
(CH) Chris Holliday (Non-Executive Director)
(IT) Isabel Todenhoefer (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)
(JC) Jackie Clark (HIAL Executive Assistant)
11:20 – 13:00 (MB) Michael Bratcher (Transport Scotland)
11:20 – 12:30 (RM) Ross McAllister (ATMS Programme Director) (joined call x2)
14:30 – 15:10
12:30 – 13:00 (JH) Jonathan Hinkles (Loganair)
12:30 – 13:00 (GH) Gregor Hamilton (Dundee City Council)
13:20 – 13:30 (AF) Andrew Farquhar (HIAL, LSI General Manager)
13:20 – 13:50 (KI) Keith Inglis (HIAL, Head of Infrastructure Services)
13:50 – 14:10 (SS) Sarah Shelly (HIAL, Procurement Manager)

Apologies: (LS) Loraine Strachan (Non-Executive Director)
(JM) Jim McLaughlin (Non-Executive Director)

HIAL Board Meeting Commenced at 10:00

Apologies

Apologies were received from Loraine Strachan (LS) and Jim McLaughlin (JM)

The Chair welcomed everyone to the meeting.

Declarations of Interest

IL noted himself as a beneficiary in the HIAL pension scheme and as a board member of IABP. CH declared an interest in work carried out for HIAL via his consultancy business. CH also declared an interest in aircraft electrification via his non-executive director role at Cranfield Aerospace Solutions.

Minutes and Matters Arising

The Board minutes from the previous meeting on 22nd April 2021 were reviewed and approved.

It was noted that the paper on UAV developments will now be presented to the August board following work to look at resourcing requirements for the environmental and sustainability workstreams.

ACTION: IL to prepare UAV update paper for August Board

No 8 – IABP debtors update will be provided at August Board.

No 9 – SATE project costs will now be at August board.

Carried forward Items on Matters Arising

IABP 13.02.20 - Board members to visit IABP.

ACTION: IL/JC to look at the Board visiting IABP when visiting Inverness in August for Board meeting.

Item 3 26.02.20 – Net Zero Aviation Update.

ACTION: IL Paper on Net Zero to come to Board in August 21.

A question was raised if actions/output arising from Board Away days could be captured and added to matters arising. Governance of projects was discussed at the April away day session with no specific date captured for bringing back to Board.

GCB advised the paper for structure & governance will be taken to the August Board.

ACTION: GCB to bring paper to the August board on Structure and Governance of Projects as discussed at the Risk Board away session and the proposed changes to the structure of ATMS governance as discussed at the Board ATMS away session.

Chair's Report (Covered in DAL)

The Chair asked the executive team to respect the deadlines set for the Board papers to ensure the Board members are provided sufficient time to read papers thoroughly prior to the board meeting as there is a risk that a decision may be delayed if Board members have insufficient time to consider the content of papers.

A discussion was had on the outcome of the Dundee Stakeholder session held on Wednesday afternoon. It was noted that a collective marketing drive was required for the Dundee/London City route.

ACTION: (Covered in DAL).

The Board discussed the question raised the previous day by Tayside Aviation on charging fees for a Saturday and agreed to look at the cost basis of the charge and once reviewed, reply to Tayside Aviation.

ACTION: The executive to bring to the Board a paper for review on the charging mechanism used at Dundee Airport for opening on a Saturday for Tayside Aviation.

ACTION: DS to send out a communication following the Stakeholders sessions summarising what was discussed and what was committed to and include a copy of the HIAL Strategy.

A discussion was had on Air Passenger Duty (APD) and if HIAL should be involved with input to the Government consultation. IL advised HITRANS were producing a 'Highland' response which would be signed by organisations.

ACTION: IL to follow up with HITRANS on where they are with the response and circulate a copy to Board members.

ACTION: JC - APD to be added to the August agenda for discussion following the closure and results of the government consultation.

Managing Director's Report (Covered in DAL)

No further update was provided.

Audit Committee (Covered in DAL)

The HIAL company structure is to be reviewed to look at whether DAL and AMSL should continue to be separate companies. The Chair reminded that this had been looked at in the recent past and encouraged JW to seek out the relevant advice and build on that.

Papers for Discussion by the board – Part 1

Item 4 - Matters Reserved for Board

JW advised that some changes were required to update the Matters reserved by the Board (MRB). GCb advised the Digital Audit Office (DAO) brought up the signing off on contracts greater than £250K by Transport Scotland (TS). GCx added that as TS have approved the capital plan then no further approval is required. Only adhoc non-capital items over £250k would require further TS approval.

ACTION: The Board are to review the MRB against the current HIAL Framework and advise JW of any amendments prior to the August Board when the MRB will be agreed.

Item 5 - Directors Register of Interests

The Board confirmed the list of Directors Register of Interests was complete subject to one additional item for LS as a trustee of the Fresson Trust.

ACTION: JC to update the Directors Register of Interest with the amendment and arrange for the list to be published on the HIAL website.

Item 6 - Framework

The HIAL framework is due for renewal in 2022. IL asked for two board member volunteers to consult with the executive team to scope out a more proportionable, relevant and flexible revised framework for submission to TS. CH, EH and IT volunteered. It was agreed that an equitable split of workload across board members is desirable and IL was asked to review volunteers and agree with Chair in that light.

A question was asked on the meaning of the statement within the framework relating to HIAL not being assigned any exclusive or special rights in relation to the PSO. GCx was unsure of the meaning, however, would get back with an explanation.

ACTION: GCx to provide explanation on the meaning of the statement within the framework on exclusive or special rights in relation to the PSO.

ACTION: IL to bring Revised framework to December 21 Board for review.

Item 7 - HPS

(Redacted)

Item 8 - Environmental (Covered in DAL)

Gcb followed up on yesterday's update reminding everyone that the compliance work is ongoing however, additional resource would facilitate more progress.

The Chair commented she would be interested in seeing how HIAL deliver the mandatory Energy and Carbon reporting within our financial accounts and where we are benchmarked.

Item 9 - AFS Inter-operability

The Chair commented that it was good to see the groups working collaboratively especially within the smaller communities, however, she asked if there were any budget constraints. IL advised each group should be working on a cost neutral basis.

A question was raised if HIAL could get any benefit back into the airports from inter-operability and had there been any discussions with the CAA around appropriate levels of fire cover. Gcb provided an update on the regulations currently being reviewed by the CAA.

Item 10 - WICK Airport Drainage

Gcb advised an economics study was required to fact find on the cause, what the liability may be and the terms for a solution. In the interim the capital plan has been phased accordingly.

The Board will be provided updates as solutions are formed and finalised in the capital plans.

Decision: The board are content to progress with the study before the Board makes a decision on such a large investment.

The Board adjourned at 11:16
The Board reconvened at 11:20

Nick Bound (Think) joined the call at 11:20
Ross McAllister (HIAL) joined the call at 11:20
Michael Bratcher (Transport Scotland) joined the call 11:20

Spotlight Focus Session 1

Commuting Presentation

Nick Boud went through his presentation to the Board on the potential rosters in relation to commuting, explaining the detail behind each option. **(Redacted)**

Further questions were raised on staff health and wellbeing while shift working and how rosters will appeal to new recruits and answers were provided.

The Chair thanked Nick for the work he had done on providing rosters and for answering the Boards questions.

Nick Boud left the meeting at 11:54

(Reacted)

Papers for Discussion by the board – Part 2

Item 1 - ATMS Programme Update

(Redacted)

ACTION: (Redacted)

ACTION: IL/JC to arrange a board day in September to discuss ATMS updated Capital & Revenue costs.

Item 11 - Remote Tower Tender Evaluation

The paper was noted and the Board were content with RM moving to next steps.

Decision: The Board were content with RM moving to next steps in the negotiations.

Item 2 – ATMS – HR Update

AS provided an update to the Board on areas that were not in the paper. Progress has been made with the Trade Unions on the draft policies, however the Unions want a complete pack of papers so members have all options in front of them.

Two business cases will be going to Transport Scotland (TS) on Pay & Grading and Job evaluation which require to be read in conjunction.

(Redacted)

A discussion was had on commuting, **(Redacted)**

ACTION: (Redacted)

ACTION: DS/LJ/IL to discuss and align messaging on the commuting presentation

Item 3 – Job Evaluation

AS provided the Board with a summary update on the paper.

Decision: The Board approved AS to have high level discussion with the Union

ACTION: AS to prepare a full update report on Pay and Grading for the August Board.

ACTION: JC schedule enough time on future agendas to discuss ATMS

Ross McAllister left the call at 12:30

Spotlight Focus Session - 2

Jonathan Hinkles (Loganair) and Gregor Hamilton (DDC) joined the call at 12:30

Loganair Update

The Chair welcomed Jonathan and Gregor to the meeting.

JH updated the Board on the new environmental initiative, 'GreenSkies' and touched on some of Loganair's long-term aspirations. **(Redacted)**. Trading has broken even over the last 6 months with the help from additional charter work, furlough support and the support from HIAL. No further redundancies have been made and a recent staff survey returned good supporting results. There are risks to the business with easyJet launching the Inverness-Belfast route over the summer and with the current ongoing Industrial Relations at HIAL. Market recoveries are good on Shetland Islands, Western Isles and Islay however, Orkney Islands are not.

The Board asked about load factors, the ATR replacement programme and new routes. JH advised empty flights were being removed from the flight schedule, two new ATRs are due to arrive July and October this year and new routes are being monitored daily and bookings are looking promising. JH advised that they have returned 3 or 4 Saab 340's.

AS provided an update on the current industrial relations.

(Redacted)

The Chair thanked JH on behalf of the Board for his open presentation and for the excellent partnership working with HIAL throughout the pandemic.

Jonathan Hinkles (JH) (Loganair), Gregor Hamilton (GH) (DDC) and Michael Bratcher left the call at 13:00.

The Board broke at 13:00

The Board reconvened at 13:20

Keith Inglis (HIAL) and Andrew Farquhar joined the call at 13:20

Items for Approval by the Board
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Item 1 – Sumburgh Airport Pavements

The Board had a discussion on the proposed pre-construction works in 21/22 and asked if there was sufficient budget in 22/23 to complete the project.

A specific question was asked that if there were insufficient funds in 22/23 for the construction costs, would the preconstruction costs of £1.2m be required again in later years. KI advised there was a risk some but not all of it would be.

A discussion was had about the study Jacobs are working on regarding capital spend and how to manage projects over several years.

Decision: The Board approved preconstruction works up to a value of £1.1689m for 21/22

Decision: The Board approved in principle a spend up to £8.4m in 22/23 subject to capital availability.

ACTION: GCb to bring to October board a process project modelling template.

Andrew Farquhar left the call at 13:35

Item 2 – Inverness Surface Water Drainage System

KI advised further works were required on the swales lining to understand the earth works. The upper end of the contingency cost had been requested to cover the worst-case scenario.

The Board asked for an update on the legal case with Arup and KI advised the expert report from HKA was almost complete and was expected within the next two weeks.

The Board asked if there was confidence that this was the final increase. KI explained the circumstances behind the amount requested and set out the phases for the next stages should the outputs of the current phases prove insufficient.

Decision: The Board approved a further £750k on top of the previously approved £8.35m for Phase 2.

Decision: The Board approved the proposal to proceed with commissioning the design consultant for procurement activities for the reedbed improvement. Costs to be brought back to board at a future date.

Decision: The Board approved the proposal to postpone the design and development of the additional rainwater storage works.

Keith Inglis left the call at 13:50

Item 3 – Procurement Strategy

Sarah Shelly joined the call at 13:50

SS provided a summary of the paper and how the procurement strategy will work.

The board asked about the long-term ambition on savings, safe-guarding local suppliers and how the benefits are shared between HIAL corporate and HIAL subsidiaries. SS explained how savings can be made by making systems more efficient with less barriers, tailoring contracts with better terms and conditions for the local suppliers and encouraging them to tender, and savings through using the government collaborative framework with all eleven airports treated the same way. SS added it was an ambitious strategy over a 5-year period and will only work with everyone on board.

The Chair added consideration should be taken that an Island Impact Assessment (IIA) may be required along-side this as it could be classed as a new policy or strategy.

Decision: The Board approved in principle the implementation of the Procurement Strategy 2021-26.

ACTION: SS to check if an Island Impact Assessment is required.

ACTION: SS to bring to August Board an updated paper on resourcing options.

SS left the call 14:10

Item 4 - Airline Discounts

IL provided an update to the Board **(Redacted)**

Item 5 – Vehicle Lift Replacements

Gcb provided an overview of the paper.

A question was asked about the total cost of ownership. Gcb advised once the tender is received a total life-time cost will be known.

Decision: The Board approved the spend of up to £280K for the procurement of 44 vehicle lifts.

Item 6 - Barra Masterplan Development

GCB provided the Board with a summary of the report.

Questions were raised and answered on which years the costs would be incurred. There were also questions on what the project visually looked like.

Decision: The Board made the decision to hold off approving until visuals are reviewed and the affordability has been agreed.

ACTION: JC upload visual pictures on SharePoint for Board to review

ACTION: JC to send out updated board paper for review and approval by the Board.

Item 7 – Campbeltown Runway 11/29

GCB provided an update to the Board on the paper.

A question was raised and answered on the risk of closing the airport runway for several weeks for resurfacing.

Decision: The Board approved a further £1m, bringing costs to the top of the £4.5m range provided in the original paper in Dec 20.

Ross McAllister joined the meeting at 14:30

Item 8 – Sumburgh Radar Transition

RM summarised his paper making the board aware that a significant milestone in the delivery of the project had passed with the Civil Aviation Authority (CAA) approving the ATCO training. The increase in cost was due to changes in the contingency building and increased ATCO costs. **(Redacted)**.

A question was raised on whether enough contingency has been built into the new costs and RM confirmed there was.

IL raised questions on the radar for Compass Head and the drop in ongoing transition costs in future years and what assumptions were made on both. RM provided an update.

A question was raised on lessons learnt and RM provided an update.

(Redacted)

ACTION: JW to acquire approval from Transport Scotland (TS) on the additional capital and revenue spend on Option 2 of Sumburgh Radar Transition.

RM left the call at 15:10

Company Risks

Item 3 – Corporate & Airport Risks

GCB provided the Board an update of the current risks.

EH had several questions to raise and to preserve time it was agreed he would email his questions to GCB.

ACTION: EH to issue list of questions to GCB copying in all board members

Items for note by the Board

The following papers were submitted to the Board for note and in the interests of managing time, members had been asked in advance to raise any questions they had prior to the meeting and have these answered out-with the Board meeting. No questions were raised.

Item 1 – Operations – AMSL Update

Noted

Item 2 – Operations Update

Noted

Item 3 – Commercial Update

Noted

Item 4 – SATE Update

Noted

Item 5 – HIAL Strategic & Covid Recovery Update

Noted

Item 6 – FOISA Update

Noted

AOB

DS advised a photographer will take head shots and group pictures when the Board attend the meeting in Inverness in August.

The Chair reported to the Board that she had attended an online session hosted by the Royal Aeronautical Society and the Fresson Trust on Captain Fresson and his impact on aviation in the Highlands. At the session a HIAL Sumburgh ATCO suggested that HIAL rename New Century House as Fresson House. The Chair advised this was a thoroughly good idea and should be considered at the appropriate time.

ACTION: JC to book a half-day session in September for a Board Focus Day.



HIAL Board Meeting concluded at 16:11

The next Board meeting is on 26 August 2021 and will be held in Inverness