

HIAL Board Minutes – Monday 18th January 2021

VIA Microsoft Teams video call

- Board Attendees:**
- (LJ) Lorna Jack (Chair)
 - (IL) Inglis Lyon (Managing Director)
 - (JW) Johanna Wallace (Director of Finance)
 - (LS) Loraine Strachan (Non-Executive Director)
 - (EH) Eric Hollanders (Non-Executive Director)
 - (CH) Chris Holliday (Non-Executive Director) - Part of meeting only
– left at 16.30
 - (IT) Isabel Todenhoefer (Non-Executive Director)
 - (JM) Jim McLaughlin (Non-Executive Director) – Part of meeting only
– joined at 16.35

- 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)

- Apologies:**
- (GCx) Gary Cox (Transport Scotland)

HIAL Board Meeting Commenced 15.30

The Chair wished everyone a happy new year and said it was great to see everyone back at the HIAL Board. The Chair advised that this was a 3 Item agenda to deal with the Pay & Grading and People Plan issues but also the opportunity to review and finalise the HIAL Strategy & COVID Recovery Plan. She advised that DS had circulated what we all hope is the final version. Board members have had a great opportunity to contribute and DS has provided not just the current version of the strategy but also the tracked changes so the Board can see where their commentary has influenced the final version.

<p>Items for Approval / Discussion by the board</p>
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Item 1 – HIAL Strategy & COVID Recovery Plan

DS advised that the plan is at an advanced stage. Today is a final opportunity for any last-minute tweaks or any final questions. She advised that the track change document shows all the comments that were incorporated and the majority of comments received have been. DS thanked Board members for their comments and advised that the document was now ready for publication. Once published the team will look at how it can be disseminated through the organisation so that all colleagues know how they individually contribute to the delivery of the

strategy. Attention will also be turned to, an external awareness campaign. HIAL's new external e-zine will be used as a platform to launch that in February and 3X1 will look at how they can promote it also.

The Chair asked the Board if they had any last comments to make and there were none. The Chair advised that the document was in great shape. It has been amended to take account of the COVID implications but had also kept hold of the long-term objectives that were expressed in the original draft strategy. The Chair advised that as well as it being a document shared with colleagues and externally, it should also drive the Board's agenda in terms of the things that the Board should be strategically focussed on over the course of the next five years.

The Chair gave the green light to DS to press ahead.

DS advised the designers are waiting and can turn the document around within a week so the version for publication will be ready in the next week and will be shared with the Board again at that point.

ACTION: DS to share public facing document with Board when complete

Decision: Board approved the HIAL Strategy & COVID Recovery plan for publishing

Item 2 – Pay & Grading

The Chair updated the Board on a conversation she had with **(Redacted)**, Transport Scotland (TS), early last week. The Chair advised **(Redacted)** that the feedback that HIAL had received from **(Redacted)** was that TS haven't managed to press ahead with the Pay & Grading work because of a lack of resource in their team. TS required to do a piece of work before it made its way through the SG pay policy group. **(Redacted)** had advised that she is trying to secure that resource to get this moved on. She understands the pressing nature of the work. The Chair advised that after discussion with IL last week, she had offered the potential for HIAL to lend a secondee. **(Redacted)** thanked HIAL for the offer however she would first seek resource independent of HIAL to work for TS. The Chair advised that it is very much on TS's radar now and that she expected a response re resource within a week.

The Chair added that there are still issues that the Board need to discuss before finalising with TS.

The Chair asked AS if there was anything she particularly wanted to point out to the Board in the paper.

AS provided the Board a summary on the content of the Pay & Grading Paper.

The paper was started as a piece of work because it links in to one element of the ATMS People Plan and that is the future pay framework for our Air Traffic Controllers. AS explained the context for the information in the paper and the timing issue that links the provision of information on our planned air traffic pay, with the wider pay grading framework. She also highlighted that she had broadened out the content of the paper conscious that the original pay & grading paper that came to the Board was prior to the arrival of new Board members. AS had embedded the summary paper (in italics) and updated the risks that had been

contained in the original paper. A table in the paper updated the risks including the risk associated with a delay in getting the TS approval. The main purpose of including this was to provide context for the next agenda item on the proposed structure for air traffic. The roles within it are different to current roles and alignment into the new structure will be challenging. The trade unions have an expectation that the whole pay structure will be reviewed as a result of updating the job descriptions and including an increased number of endorsements. HIAL will seek to ensure that although our air traffic pay rates will be different, the basic principles of a new pay framework will be applied universally across the organisation. **(Redacted)**. Pay information is recognised to be one of the key elements of the documentation that will be sought. **(Redacted)**. So far discussion on pay has been kept confidential between key members of the project, SMT and the Board. AS's paper was written before the recent conversation with **(Redacted)** TS so AS highlighted that some of those recommendations may no longer be relevant. Before Christmas HIAL received a letter from TS Finance Pay Policy advising that the 2021 pay remit was being closed down ahead of the new pay remit being announced on the 28th January. Within that pay remit within this financial year there is the opportunity to carry forward 0.5% of pay bill savings to fund any necessary steps to address any potential inequalities. AS suggested the ring fencing of that funding to help fund any implementation of the job evaluation following the approvals. HIAL were given the authority from TS to progress discussions on the assumption that the pay & grading business case would be delivered on a cost neutral basis. The two approaches being presented for consideration are 1. progressing this work to maintain momentum on air traffic control pay, having been given the remit that would allow us to commence the broad discussions on pay & grading both for air traffic and for all staff groups; consult with the Trade Unions **(Redacted)**, then seek to get the technical aspects signed off through the SG HR remuneration group 2. Follow the original plan presented in the business case which was to seek the authority in terms of sign off on the technical aspects as well as on the costings before having discussions with the trade unions.

With that introduction, the Chair asked the Board if they had any comments to raise on either of the recommendations in the paper.

LS asked for clarification on the terms used in the paper re comparison of the People Plan and the business case.

AS advised that the pay and grading business case originally signed off by the Board in April 2020 deliberately excluded air traffic pay from the business case because the ATMS programme was not far enough along in terms of job descriptions or the structure of the new centre (CSC). The Pay & Grading business case therefore did not include any costs for implementation associated with air traffic control pay. In terms of the business case that TS received on the ATMS programme some assumptions were made at the time about air traffic control pay **(Redacted)**.

IT asked about affordability of the recommendations **(Redacted)**. IT pointed out that the second paper identified additional costs that if approved would also need to be met and expressed concern about the Board's visibility on overall affordability, particularly given projected difficult years ahead.

AS commented that from the original pay & grading review, two areas had been identified that would achieve the level of funding required **(Redacted)** for the introduction of the pay & grading framework. **(Redacted)**. Those were identified specifically because HIAL are out of alignment with other public bodies and there is an expectation **(Redacted)**. HIAL would discuss this with the trade unions and take on board any suggestions that they had to make, in terms of identifying savings that could be used towards the pay & grading review which currently excludes any implementation costs associated with air traffic changes.

The Chair commented that the two agenda items are inextricably linked. The Chair asked if some of the costs in the 2nd paper, which is about the policies that we will adopt moving from the current ATM structure to the new ATMS structure, are covered under the project budget. The Chair said it would be ideal to separate out what is already covered under the ATMS Programme budget and what will be left on an ongoing basis for ATMS **(Redacted)**.

(Redacted). There would be a significant salary increase for all those who are out with Inverness to be upgraded and that is already covered. In terms of the implementation of the pay & grading review there are no significant costs associated with air traffic migrating into the new pay structure, assuming that the salaries for the CSC are successfully negotiated with the trade union. The implementation costs for pay & grading in air traffic are largely covered by the submission in the ATMS business case. The costs that are in the pay & grading business case are for all other staff excluding air traffic controllers. Some work is still required to clarify the information before it is put forward to TS in terms of where any differences lie.

(Redacted)

(Redacted). When considering the emerging scenarios EH considered that they posed emerging risks to the ATMS programme. EH was glad that the Chair had spoken to **(Redacted)** because part of the risks stem from the fact that TS has not had the resource to do what was expected of them, and that feeds into the consequences of the potential of having to use two schemes on pay and grading. **(Redacted)**

The Chair summarised that we are very much looking at the issue of how this is sequenced. We will return to that in terms of the recommendations and how we might evolve the sequencing of them in a way that best helps us get this over the line **(Redacted)**.

The Chair asked the Board if there were any further questions. The Chair took the opportunity to say that although JM was not in attendance yet, he had left his comments with her. They were mostly around the people plan and his main question was around affordability. The Chair suggested that regardless of what the Board agreed today, **(Redacted)**. The Chair advised the Board that they were being asked today to note the update on the business case, to review the updated assessments of risk, both for the pay and grading business case and for the air traffic control, all of which the Board had done. The Chair noted that no comments were raised on risks. The Chair noted the encouraging response from **(Redacted)** around resource for TS to progress, however she asked the Board how they wished to proceed re the first set of recommendations, in terms of greenlighting the start of discussions with the unions, or whether they wished to wait for support from TS and whether there are fundamental issues

re affordability. She reminded that delaying further as highlighted in our risk assessment creates a series of other risks.

AS advised the Board that there is no standard methodology for submitting a pay & grading review. Some public bodies have negotiated it with the trade unions and then put it into Scottish Government (SG) HR remuneration to get the technical sign off. The downside of that is having reached an agreement with the trade unions and the risk that the scheme is not approved requiring re-negotiation with the trade union. Other public bodies have got SG's technical sign off and felt they were in a stronger position when negotiating with the trade unions. HIAL has discussed this with some of those other public bodies. **(Redacted)**. She clarified that there is no mandated way of doing this and there is some flexibility if the Board wanted to consider approaching it in a different way.

IT was of the view that negotiating with the trade union first was the preferred route.

(Redacted). CH shared that starting the negotiation with the Trade Unions first was preferable. He shared the concerns expressed about budget pressure arising as a result of the Covid situation. He wondered whether a steer could be sought from TS one way or the other.

The Chair advised that we could set a date on which we wished to start the trade union discussion and to advise TS of that date and express a desire to have the TS input before then. Government has had this for some time, albeit they were only recently made aware how pressing this now is **(Redacted)**

EH agreed with CH that there may be more budgetary pressures coming however he felt they would not be specific to HIAL alone **(Redacted)**.

LS commented that it was important that we illustrate the long-term efficiencies. HIAL recognises that there will be pressure for the SG re finances but by implementing this now, efficiencies will be gained on various levels for HIAL and that might be helpful in getting SG approval. LS asked whether we wanted to work with the Trade Union as mentioned in the 2nd paper re putting in a joint appeal into SG.

AS advised, that could be a way forward if the Trade Union agreed with the framework. She advised that the Trade Union have not seen any of the detail **(Redacted)**

IL added that his position is supportive of starting the discussions with the Trade Union. He expressed a need to get round the table and start to formulate what this could look like going forward. **(Redacted)** IL suggests starting the discussions with an aim of presenting back to the Board a formal proposal that can then go to TS.

JW said she agreed with IL. She added that year one costs of this overall proposal, are the highest cost, and the later year one starts, the higher the costs are. **(Redacted)**.

The Chair commented that is a message the Board will want to be clear on. She summarised that the Board appeared to be content to greenlight the early conversation with the trade union, and at the same time to make TS aware of this and in particular the point raised by JW **(Redacted)**. The Chair said that we might want to commit this to writing if a solution wasn't found soon.

Decision: The Board agreed to give the green light to the team to start conversation with the union on the pay & grading structure while still pursuing Transport Scotland to get approval.

Item 3 - People Plan

Relocation Policy

The Chair invited AS to talk through the policies within the People Plan for which Board approval was sought.

AS provided the Board a summary of the content of the People Plan & Policies paper.

By way of an introduction and to structure the conversation AS advised that as she went through each of the items on the agenda, she would look to answer some questions which were received from members prior to the meeting.

AS provided some background to the policies. There were a few questions around the opportunity to do scenario planning. AS advised that there had been some discussions internally on that but that was quite challenging. If we look at it as a programme scenario versus a financial scenario the two things are almost mutually exclusive. The best case scenario from a programme perspective was that all of our air traffic controllers would choose to transfer, **(Redacted)**. What has been modelled in the people plan is to bridge the gap to try and get a reasonable number of people who would opt to transfer whilst recognising that not everyone would. There is not any correlation between what the programme and finance assumptions are in terms of best and worst scenarios and the business case that has been submitted. The people plan is based on what is likely to happen and has been quite challenging in terms of building up the costs. The Board paper has under each of the headings, the most costly option built in. **(Redacted)**

In response to queries regarding relocation, there were questions around the numbers. The relocation company HCR conducted interviews offered to all staff out with Inverness, both air traffic controllers and traffic control assistants. There are sixty six members of staff out with Inverness (air traffic controllers and air traffic control assistants) who could have taken up the opportunity of an interview. Nineteen did. Efforts were made to encourage staff to take up the offer, reinforcing the independence of the opportunity to express their views. HR and Comms worked to get information out and GCb had regular contacts with the different teams to encourage their engagement.

Board members had questions about benchmarking. On the relocation policy, the brief was to align HIAL with other public bodies, who offered more than the basic £8,000 tax free allowance. **(Redacted)**. That had to be finely balanced against value for the public purse and potential future criticism by Audit Scotland. **(Redacted)**

AS clarified that the proposed package is made up of several different elements. There is no cap applied and that is down to personal circumstances and will be influenced to some extent

by where the person is coming from. The element that the consultants considered as a key element of the package for our staff was the inclusion of the guaranteed sales price (GSP).

(Redacted)

The Chair said she was conscious that CH would be leaving the meeting soon and asked him if he wanted to share his thoughts on the policies before he left the call.

CH commented that he could understand why the guaranteed sales price within the Relocation Policy was something that the Trade Union would be looking for. **(Redacted)**. CH commented that we should seek to pitch our offer, subject to negotiation, to the level where individuals would sensibly sign up.

The Chair said that was a good principle to have in mind as we look at the other parts of the offer. The Chair asked AS to summarise all the policies and then we would pick up comments from the Board in discussion.

(Redacted)

CH left the meeting at 16.30

Commuting policy

AS advised that a commuting policy wasn't included in the original financial business case. She further advised that it is anticipated that most staff will want to commute whilst they are undertaking training. During training at college, it is anticipated that staff would commute from their home location. When the college element has been passed, the on-job training, which is expected to take six months, would potentially involve most people choosing to commute from a temporary base in Inverness to home depending on rosters. Some may not because of personal circumstances and timing. There may be some who would choose to commute on a longer-term basis. **(Redacted)**. This policy attempts to be generous in provision, but not open ended, and has a limited number of elements. There have been several other questions raised from the Policy Working Groups (e.g. if an individual commutes to Inverness as part of the package will transport be provided to get to and from work daily). These are not included in the commuting policy.

Flexible Early Severance

AS advised the flexible early severance (FES) policy is based on the provisions in the SG finance manual. FES is capped at £95,000 and includes elements of salary beyond basic salary. **(Redacted)**. Ministers have discretion to waive this cap on a case by case basis. A key request from the trade union is to have clarity from the SG on the flexible early severance terms including the cap. The trade union has asked if we would consider making a joint submission to the SG on this.

(Redacted)

Training Policy

AS summarised the training policy which covers the upskilling from current qualifications to achieve the number of endorsements and levels of rating that are required in the new CSC.

Questions have been raised around what happens if people do not achieve the standard required. **(Redacted)**. Air traffic control management suggest the answer will depend on the numbers who fail to achieve. If of the potential forty five, we have one or two people who fail to meet the standard, there could be roles in the CSC to redeploy into. However, there are only a small number who could be accommodated in this way. **(Redacted)**. The CSC job descriptions are based on individuals achieving four endorsements. That is the standard air traffic controllers would be expected to achieve. The original business case submitted to TS was based on 65 staff obtaining four endorsements.

Structure

AS summarised the paper on the structure and job descriptions for the CSC. Much of this detail, is more operational, which IL and GCB would sign off. There were questions on how we reached that structure. AS advised that working groups involving those from the ATMS team, operational air traffic control management and the HIAL compliance manager were involved in designing structure options. Four potential options were narrowed down to two which were then presented to GCB, the new air navigation services manager and AS. The option that is in the appendix is the one which best meets the needs of the programme. It contains several new roles which will have a pay grading requirement, as these differ from our current air traffic control structure. These roles have been through the job evaluation process. There has been a misunderstanding in TS about the new structure and the implications of the new structure for pay & grading. **(Redacted)**. That's not the case as all roles will upskill as part of the ATMS programme and there are also several new roles in the CSC not currently within the Inverness structure.

JM joined the meeting at 16.35

The Chair advised that JM had now joined the call and provided a quick overview of where we had got to in the meeting for his benefit. The Chair asked for comment and questions from the Board on the policies summarised and presented by AS.

EH said it was a very complex set of circumstances: changing location, people moving into different jobs with different skill requirements, and he appreciated what AS said, that every situation for every person and their family will be unique. EH said he approached it also based on what is equitable, what is fair and what provides a good incentive. Looking at the various policies EH's feedback on the relocation policy is that **(Redacted)**. He believed HIAL needs to give people a good incentive to move knowing they need to sell and buy again. **(Redacted)**. In cases where it is demonstrable that they are earning less than they were before, that should be a flexibility but not automatic for all. EH added the GSP was generous but absolutely necessary. **(Redacted)**.

The Chair asked AS if she would answer the point about the **(Redacted)** and why it is in the policy.

(Redacted)

IT agreed with CH and EH on the point that it is important that the packages create some incentive to move but also to help make people feel valued. **(Redacted)**.

The Chair advised that the operational questions, might be for our operational colleagues to answer.

LS enquired about **(Redacted)**. LS asked if HIAL took ownership of properties due to the GSP? LS also asked what the purpose was on the new role of air traffic liaison person. If we are centralising air traffic why is this a requirement and can we justify the positions as it wasn't in the original business case?

IL added he was content with the Board's comments. He agrees with IT's comments on FES and unit endorsements. On endorsements the benchmark had been set at four. **(Redacted)**.

AS responded to the question re owning properties. She advised the next stage of the process is a separate piece of work within the relocation services framework and further detail would be provided on how the purchase of properties would be managed.

JW commented on the **(Redacted)** questions. She appreciated the need to prepare financial scenarios, including worse case. **(Redacted)**, but it appeared the Board were generally agreeing on these policies **(Redacted)**.

The Chair added that the commute is an addition to the original project because it was one of the things that came up in consultation with Island communities. They asked how HIAL can help ensure that people can stay in their home location whilst participating in the new centre. It would mean managing other costs carefully if we are saying there is to be an additional spend on this. The Chair summarised that the Board, was broadly content with the policies subject to the proposed changes discussed. **(Redacted)**. It was important to capture additional costs, establish whether these can be met from overall programme savings either capital or revenue **(Redacted)**. The Chair summarised the Board's contentment with the structure, which was an operational matter, **(Redacted)**.

AS advised she could look at the cost per head as an average rather than individual budgets. **(Redacted)**. There would be recruitment costs for new people but if people relocate & commute for a short period of time and go through the training programme, **(Redacted)**. AS agreed to work closely with RL and JW on the costings. As the model is refined costs and expected to drop.

ACTION: AS/RL/JW to look at producing a cost per head for all the policies

Following the Board's discussion, the Board were broadly supportive of the relocation package, **(Redacted)**

(Redacted)

The Chair reminded that the other issue which the Board require addressing are the best estimate of increased costs and how savings might be made in the programme to accommodate this and the proposed communication plan for that.

Board members expressed the challenge on how to positively communicate the commuting policy alongside the encouragement for people to move. Further thought was required on this. AS advised that she had a sufficient steer from the Board to make the amendments to the policies and allow the conversation to start with the trade unions. She advised that TS had no role in approving the policies but had asked to be kept in the loop.

AS advised the Board that there are some provisional dates in the diary for discussions with the trade unions.

The Chair asked if there were any final comments.

JM added that it would be worthwhile **(Redacted)** HIAL also need to support AS with her negotiating strategy and to have answers ready for random questions that might be asked.

The Chair asked AS if she needed further assistance or guidance from the Board.

AS advised her intention was to revise the information presented to the Board following the discussion, into a cover paper that would go to the trade union stating our position. AS advised she would schedule in additional people subcommittee meetings in between the negotiating meetings so that if there are challenges or limits were reached in terms of what was agreed today these could be discussed with JM in the first instance, as the Board's non-executive representative on the people subcommittee. It would only be brought back to the full Board if the agreed parameters needed to be adjusted.

ACTION: AS/JM to produce a Q&A on possible questions that might be raised by the trade union.

ACTION: AS to schedule extra people subcommittee meetings between negotiating meetings if required.

The Chair advised the issue of the cost impact was to be brought back to the Board when we next look at the overall finances of the programme.

AOB

The Chair shared with the Board that the SATE communication was going out on Wednesday and reminded everyone of the dates for the next Board meeting 24/25 February

HIAL Board Meeting concluded

The next Board meeting is on the 25th February 2021.