

**MINUTES OF THE HIGHLANDS & ISLANDS AIRPORTS LTD (“HIAL”) BOARD
HELD AT HIAL HEAD OFFICE ON TUESDAY 17th DECEMBER 2019 AT 15:00**

Board Attendees: (LJ) Lorna Jack (Chair)
(IL) Inglis Lyon (Managing Director)
(GB) Gillian Bruton (Director of Finance)
(DS) David Savile (Non-Executive Director)
(TW) Tim Whittome (Non-Executive Director)
(JM) Jim McLaughlin (Non-Executive Director)
(LS) Loraine Strachan (Non-Executive Director)
(EH) Eric Hollanders (Non-Executive Director)

In Attendance: (GF) George Farquhar (Head of Operational Support)
(DSu) Denise Sutherland (Head of Communications)
(GC) Gary Cox (Transport Scotland, Head of Aviation)
(SD) Shelly Donaldson (HIAL Personal Assistant – Minutes)

Presenting/Observer: (PS) Peter Simpson (Loganair) 16:00 – 16:25
(JH) Jonathan Hinkles (Loganair) 16:00 – 16:25

The HIAL Board Meeting commenced at 15:00

Prior to the meeting, the Board received a presentation on the Inverness water drainage project and progress with SEPA in regards to the Enforcement Undertaking (EU).

Apologies

There were no apologies.

Declarations of Interest

IL noted himself as a beneficiary in the HIAL pension scheme and as a Board member of IABP.

TW declared an interest in Inverness airport and airport fees as a customer of the airport.

Minutes and Matters Arising

LJ welcomed everyone to the meeting and noted the minutes previously approved via email were now on the HIAL website. Reference the matters arising, most items are picked up within the agenda.

Scatsta; an overview of the situation thus far was given and a meeting with Enquest will be held on Jan 21st 2020. **(Redacted)**.

Action: Update the Board on Scatsta, (Redacted). [IL/GB – 26 Feb 2020]

Porous concrete; contact has now been made with the company that provide this and a test will be undertaken. There will be a progress report at the April board meeting.

Action: Progress report on porous concrete test. [GF– 22 Apr 2020]

The Board discussed the presentation that Loganair would provide at 16:00 that afternoon, on **(Redacted)**.

Chair's Report

Meeting had been held with the new non-executive directors to begin the induction process and LJ thanked HIAL's Learning and Development Manager for her hard work. The appointments of the new non-executive directors are being reviewed as a Best Practice case study.

Discussions were had with Loganair regarding various issues, **(Redacted)**.

Managing Director's Report

There was an update on the current situation with the ATC dispute, the latest offer provided by HIAL was outlined and is now out to ballot, with a result expected January 3rd 2020. **(Redacted)**.

The ATMS Business case has been presented to the investment decision making board at Transport Scotland and the case was approved with funding being provided 2020 once the budgets have been announced. The next step is to merge the ATS business as usual, with the ATMS Programme and once the budget has been received the tender process will begin.

There had been meetings regarding the IABP, business at Wick and a meeting regarding pensions with various organisations to discuss the pension schemes in the public sector of Scotland **(Redacted)**.

Item 3 - IABP Update

The current tenants at the IABP, the future plans, and some of the issues IABP faced were outlined to the Board. IL also confirmed that HIAL and MEDCO both contributed land, arriving at a share hold.

Item 4 – Net Zero Project

HIAL has asked Ricardo to develop boundaries and scope for the Scottish Government Net Zero project. Workstreams will progress and the Board will be kept informed.

Action: Update the Board on the Net Zero project. [IL – 26 Feb 2020]

Company Risks

Stornoway Land Dispute

Background to the dispute was provided and the Board advised that this case will go to court on 22nd January 2020.

Tayside Aviation dispute

Tayside Aviation have revised their position in regards to the dispute over charges and have agreed to pay the fees **(Redacted)**.

Audit Committee report

Strong and substantial audit findings were reported on the two audits carried out on complaints handling & customer service and the HIAL follow-up report 2019-20 **(Redacted)**. There was a CAA ANSP audit and change review with very positive results. The committee would like to thank GF and the operations team on a great result. There were no instances reported of fraud and whistle blowing.

LJ recorded thanks to JM in his interim role as Chair of the Audit Committee, and welcome LS into the role of Chair from January 1st 2020. Formal letters of appointment will follow in due course. JM will stay on as a member of the committee.

Action: To draft a letter of appointment on behalf of LJ, to LS as Chair of the Audit Committee. [SD – 31 Jan 2020]

Strategic

Item 5 - HIAL Strategy Update

Board members comments on the strategy document were received via email, these have now been incorporated and are highlighted within the paper. This document is ready for publication on April 1st 2020.

Action: To email DSu a comment on the strategy document. [GC – 31 Dec 2019]

There will be an annual operating plan covering the next 5 years, which will incorporate individual airport operating plans and priorities for each year.

It was confirmed that the Cabinet Secretary for Transport, Infrastructure and Connectivity does not need to approve the document but it would be shared with him before publication. Assistance from Transport Scotland's communications team was also offered.

Action: To prepare the Strategy document for publishing in April. [DSu – 6 Mar 2020]

Items for Approval

Item 6 – Loganair ATR Update

Peter Simpson (PS) and Jonathan Hinkles (JH) from Loganair joined the meeting at 16:00 to present on plans to update the Loganair fleet of aircraft.

(Redacted).

The Board thanked PS and JH for their presentation which would be discussed further with members. PS and JH left the meeting at 16:35.

Following the presentation, the paper was discussed and it was noted that ***(Redacted)***.

DECISION: (Redacted).

Item 7 – HIAL / DAL Conditions of use (Covered in DAL)

A 3% increase was approved by the Board previously for HIAL and DAL. The Aviramp charges have now also been added, as well as an increase over the next two years from 60p to 77p per PRM passenger. Following Board approval, this document will be published on the HIAL website for implementation April 1st 2020.

It was noted that in addition to the 3% increase, DAL has increased GA charges and the charge from Tayside Aviation. The Aviramp charge was clarified as based on the number of passengers' projections for every passenger, over the next 3 years.

DECISION: The Board approved the conditions of use and for these to be published on the HIAL website prior to implementation on April 1st 2020.

Items for Note

The following items were discussed from the papers submitted to the Board.

Item 14 – Delegated Authority

The Kirkwall Airport Manager left the business on 1st December 2019 and has therefore been removed from the delegated authority list.

In line with interim changes, the airport manager at Sumburgh has taken over delegated authority for Kirkwall airport and Inverness airports Services Manager has also been added to the delegated authorities for Kirkwall airport.

DECISION: The delegated authorities list was approved by the Board.

Item 2 – Finance – HIAL Monthly accounts

The finance team is re-forecasting every month and continuing to try and make savings across the group. Capital at this time of year can be challenging as weather can impede projects. The Hold Baggage projects have seen some delay but it may be possible for the purchase of the CSC to be brought forward.

Item 5 - Commercial Update

British Airways have confirmed the double daily for summer 2020 and KLM have confirmed three rotations a day in the height of summer also, both at Inverness airport.

Good meetings have been had with EasyJet, with very good feedback from them stating that the management team at HIAL are, "a pleasure to work with."

The Head of Business Development has added an appendix to the Commercial paper on charging and benchmarking and the board were asked to review this.

Item 6 – Communications Update

The new E-zine will be launched before Christmas, the Gaelic language plan is now with the Gaelic Board and a new homepage design for the HIAL Intranet will go live shortly.

Item 7 – Comms Customer Experience.

Most of the recommendations are now complete and it was a good audit result.

Item 11 – HPS

A good meeting with various organisations was had in Glasgow and Transport Scotland would be asked for support in setting up another meeting to explore the synergies.

Item 12 – FOI Requests update.

(Redacted).

Item 13 – HR Update

The Board now have access to information regarding staff changes through Citrix and a document explaining how to access this would be sent out.

(Redacted).

Item 15 – HIAL AFS SFRS Contract

There was a discussion, involving questions and concerns on zero hours' contracts for retained fire fighters and their pension rights. A cross charging option was suggested and it was advised that the director of HR could give more insight on this.

Action: To provide more information on the HIAL AFS SFRS Contracts paper, specifically the zero hours contracts and pension rights. [AS/GF – 3 Feb 2020]

Item 16 – Windfarm

HIAL has reached an agreement with the Windfarm developer *(Redacted)*.

Action: The Windfarm paper to be finalised and resubmitted to the Board for final approval via email, prior to the next Board meeting. [IL - 31 Jan 2020]

The Board meeting concluded at 17:30

Meeting to continue at 09:00 on Wednesday 18th December 2019.

**MINUTES OF THE HIGHLANDS & ISLANDS AIRPORTS LTD (“HIAL”) BOARD
HELD AT HIAL HEAD OFFICE ON WEDNESDAY 18TH DECEMBER 2019 AT 09:00**

Board Attendees:	(LJ) Lorna Jack (Chair)
	(IL) Inglis Lyon (HIAL Managing Director)
	(GB) Gillian Bruton (HIAL Director of Finance)
	(DS) David Savile (Non-Executive Director)
	(TW) Tim Whittome (Non-Executive Director)
	(JM) Jim McLaughlin (Non-Executive Director)
	(LS) Loraine Strachan (Non-Executive Director)
	(EH) Eric Hollanders (Non-Executive Director)
In Attendance:	(GF) George Farquhar (HIAL Interim Head of Airport Operations & Support)
	(DSu) Denise Sutherland (HIAL Head of Communications)
	(GC) Gary Cox (Transport Scotland, Head of Aviation)
09:00 – 12:00	(RM) Ross McAllister (HIAL ATMS Programme Director)
09:00 – 12:00	(PN) Pat Nolan (HIAL General Manager ATS)
12:00 – 13:00	(AS) Andrea Sillars (HIAL Director of HR)
	(SD) Shelly Donaldson (HIAL Personal Assistant – Minutes)

The HIAL Board meeting commenced at 09:00

Apologies

There were no apologies.

Strategic

Item 1 – ATM Programme Update

RM introduced himself to the new members and gave a brief overview of the ATMS programme. The business case was outlined (Item 1e) and a suggested visit to a site which has this technology currently in place, will be arranged for the new non-executive directors.

The relocation of the controllers was discussed and identified as a red risk within the risk rating system, the HR team will continue to work on this. The Board discussed the timescales and the order of transitions. Once the transitions begin there will be two teams, one at the centralised centre and the original team on site in the towers, full control will be retained at all times.

Dundee airport will be the last airport to transition as it was identified as the most difficult. This is due to radar surveillance, in conjunction with controlled airspace, needing to be

introduced in order to reduce some of the safety concerns. This in turn, doubles the number of controllers. The first locations to transition need to be as simple as possible.

There were no questions on the ATMS programme Board minutes (item 1b). There was some discussion on how Prospect union perceive the programme.

The Board noted the updates and asked for the operating & potential programme costs to be included within the document. **(Redacted)**.

Action: To arrange visits for EH, LS, CH & IT to visit SAAB in Sundsvall once they are officially in post. [RM & SD – Apr 2020]

Action: To add £3m operating and potential programme costs as a 4th bullet point (page 27 ATMS Business case). [RM – 10 Feb 2020]

Action: More work to be done on the relocation of the controllers. [ATMS HR Team – 10 Feb 2020]

Action: The relocation of the controllers to be changed to a RED risk within the system. [RM/GF – 10 Feb 2020]

Items for Approval / Discussion

Item 2 – Critical Recommendations Approval

The Senior Management Team (SMT) will be sharing the communications messages with staff as soon as possible.

To provide the required direction for the programme, there were six critical items presented to the Board for approval as follows. Five of these were assessed within the workshops undertaken, the output of which was used to help define the sixth.

1. Sumburgh Radar approach.

The Sumburgh radar approach (APS) is currently provided by NATS in Aberdeen. The intent is to bring this activity in-house, to sit alongside the other radar operations that will run in the centralised surveillance centre (CSC). There were questions around the location and phasing of the transition from NATS to HIAL, but it was found that bringing this activity into the centre would have the least impact on the existing operation as it would be resourced from outside of current operations.

DECISION: After some discussion on how this would be perceived, the Board approved the recommendation to transition Sumburgh APS into the CSC as soon as possible.

2. Airspace and Surveillance

The concept behind the ATMS programme has been to deliver controlled airspace and a form of surveillance to each of the air traffic control (ATC) units that will be brought into the CSC. There was some discussion as to what type of controlled airspace and surveillance could realistically be delivered.

DECISION: The Board approved the recommendation to deliver Class E airspace or an RMZ/TMZ, as appropriate, at each ATC unit, to deliver primary radar (PSR) coverage and either transitional secondary radar (SSR) or Wide Area Multilateration (WAM) coverage, to the relevant CSC position, for each ATC unit in terms of the surveillance.

3. ATC Training

A significant volume of ATC training will be required to deliver the ATMS programme. Following the workshops, the recommendation presented to the Board was ATMS rating training would be provided by a 3rd party at their premises. ATMS programme training would be provided by HIAL in the contingency centre (in adjacent facilities).

Concerns were raised in regard to converting existing staff, the pass rate expected and how HIAL could encourage controllers. The regional controllers will need to obtain a radar validation and HIAL would need to tailor the training. **(Redacted)**.

DECISION: The Board approved the recommendation for ATMS rating training to be provided by a 3rd Party at their premises and ATMS programme training to be provided by HIAL in the contingency centre (in adjacent facilities).

4. Service provision at Benbecula and Wick

In order to deliver the most effective ATMS programme possible, it was necessary to review appropriate levels of service provision. The Board were asked to decide, on the information provided, what level of service would be appropriate for Benbecula and Wick airports and how would that be best provided.

Islay, Barra, Campbeltown & Tiree airports already operate as AFISO (flight information) units and the recommendation was to migrate Benbecula to an enhanced AFISO unit with a surveillance tool. This would give staff the option to stay in Benbecula but they would also be offered relocation to the centre.

The tower in Benbecula is an older tower which would need work, however this would not cost as much as transition to the CSC. There was question as to why Helios did not recommend this option and it was advised that Helios had not been asked to review the current service. There was further discussion on how this would be communicated.

DECISION: The Board approved the proposed option to change Benbecula's service provision to AFISO and operate in-line with current AFISO Units.

The recommendation for Wick John O'Groats airport was to migrate the airport to an AFISO unit also. Questions were raised in regards to other airports within the group wanting the same downgrade and this would be explained in communications to staff, each airport is different and HIAL is trying to tailor solutions for each station.

DECISION: The Board approved the recommendation to change Wick John O Groats airport's service provision to AFISO, operating in line with current AFISO units and to incorporate a joint surveillance service provided from a combined APS position in the CSC (combining APS KOI/WIC and RTM KOI/RITT during out of hours operations).

5. Dundee ATC's Place in ATMS Transition order

The question concerning Dundee airport was what level of service would be appropriate and where does the unit sit in the transition order.

Action: (Redacted).

DECISION: The Board approved the recommendation to transition Dundee ATC into the CSC as part of the ATMS programme as the final transition, with conditions on transition being met before commitment to spend.

6. People/Transition plan

The people/ transition plan was circulated to the Board prior to the meeting. The first transition into the centre would be Inverness radar and in order to do this HIAL needs more radar controllers. The plan is to recruit 9 new controllers, to be trained on the equipment and then move into the transition period where the two units will work together and gradually hand over, until fully operated from the CSC.

There was concern how this recruitment would be perceived across the group, the probability of gaining new radar controllers and whether it would be better for existing controllers to be upgraded to radar controllers. Having newly validated radar controllers starting a new unit (in the CSC) would be far too risky, but there may be an option to upgrade some and bring these into Inverness unit, allowing release of fully experienced radar controllers to the new CSC. RM was content that interest will be enough to fill the positions and it was suggested for HIAL to undertake a promotional recruitment campaign.

The Board discussed the transition order and the possibility of releasing Wick airport earlier. There was discussion on the budget and the tender would be going out in the first week of March 2020. The Business Case has been approved by Transport Scotland. **(Redacted)**.

DECISION: The Board approved the proposed transition plan.

Item 3 – Combined Surveillance Centre (CSC)

HIAL has approval from Scottish Government to buy the proposed building, on the stipulation that HIAL funds this from the 2019/20 capital grant. The seller has gone into receivership, but the new seller is content with what HIAL has proposed and there is no significant impact. The legal advice has confirmed that HIAL will pay 10% first, then the full balance on 28th March 2020.

The purchase of the building has to be within this financial year, the refurbishment however, would have to come from next year's budget. This does provide pressure on the capex budget next year.

At the next board meeting in February 2020, there will be a session on budgets. It was proposed for the new non – executive directors to visit the proposed building for the Centralised Surveillance Centre the next time the Board meeting in Inverness.

Action: Budget planning session at next Board meeting in Feb. [SD – 14 Feb 2020]

Action: New NXDs to visit NCH in June 2020. [SD – 14 Feb 2020]

DECISION: After some discussion, the Board approved to purchase NCH using this year's budget with a reprioritisation to the existing capital projects.

Item 4 – Situational Awareness Tool (ASAD)

There was discussion on the joint ATS operations and ATMS programme proposal to include the installation of ATCO Situational Awareness Displays (ASADs) at Benbecula, Kirkwall, Stornoway, Wick and Islay airports as a project within the wider ATMS programme. Fifty-five cases of airborne conflict were reported and a solution was proposed to install brand new surveillance equipment at each of these five airports. Situational awareness would be significantly enhanced and following a successful trial at Dundee their equipment is now operational. To implement this at the five airports previously mentioned would require £650k capex and £100k operating cost per year.

DECISION: After further discussion the Board Approved the ASAD proposal subject to CAA approval.

Job Evaluation Presentation

The pay and grading review for all staff and the reasoning behind doing this piece of work was explained to the board and the challenges outlined. A comprehensive business case will require approval in principle from the Board.

This will then be submitted to Transport Scotland & the Scottish Government HR remuneration group to gain full approval. There will be consultation with the trade unions, who have been involved in the entire process, on the final structure and points and the last step would be to obtain Board approval to implement the plan.

Implementation, it was hoped, would be with the next pay award in April 2020, but historically the pay award is pushed beyond this date. The pay award is expected around end of February 2020. There was further discussion and it was agreed that the business case would be shared with the Board via email prior to the next Board meeting in February and a call will be decided upon receipt of this.

*Action: To share the business case with the Board via email before the next meeting in Feb - Call to be decided on receipt of the BC and general feeling & questions.
[AS – Jan 2020]*

AOB

Action: A dinner to be arranged the night prior to the Feb Board meeting in Edinburgh. [SD – Jan 2020]

Action: A change of location for the Board meeting in April was proposed, Inverness to be changed to Kirkwall. [SD – Jan 2020]

Action: Dates in January/February for the new Board members to have inductions with the SMT. [SD – Jan 2020]

Action: Budget approvals to be at the Board meeting in February. [SD – Jan 2020]

*Action: An ATMS HR group to be set up, which will be a sub-committee of the HIAL Board, JM, AS and RM to meet mid Jan after comms have been finalised.
[AS – Jan 2020]*

The Board meeting concluded at 13:00

The Board took a tour around the new hotel at Inverness Airport at 13:30

Date of next meeting – 12th February in Edinburgh