

**MINUTES OF THE HIGHLANDS & ISLANDS AIRPORTS LTD (“HIAL”) BOARD HELD
AT INVERNESS AIRPORT, INVERNESS ON 27th June 2017 AT 11:30AM**

Present	Dr Mike Cantlay	Chair
	Mr Inglis Lyon	Managing Director
	Ms Gillian Bruton	Finance Director
	Ms Lorna Jack	Non-Executive Director
	Mr Jim McLaughlin	Non-Executive Director
	Mr David Savile	Non-Executive Director
	Mr Tim Whittome	Non-Executive Director
In Attendance	Mr Gary Cox	Transport Scotland
	Mr Mark Stuart	Director of Airport Operations
	Mr Robin MacRae	Director of Operational Support
	Mrs Shelly Donaldson	PA / Minutes
	Dame Deirdre Hutton	Civil Aviation Authority
	Mr Alistair Gray	Renaissance & Co
Via call	Mr Gregor Hamilton	Dundee City Council

Apologies

Mr John Nicholls, Transport Scotland and David Martin, Dundee City Council

Dame Deirdre Hutton, Chair of the CAA is welcomed as HIAL’s guest.

CAA Presentation and discussion

Dame Deirdre introduced herself and gave a presentation on airspace and air traffic management strategy, concentrating on how oversight of these issues impact HIAL and aviation in Scotland. Dame Deirdre began by outlining the role of the CAA and went on briefly to BREXIT and the 4 principles the CAA have set out;

1. Continue as a major player to protect UK consumers
2. Influence international rules to ensure they are fit for purpose
3. Retention of consumer rights and protections
4. Ongoing removal of barriers to competition – Huge benefits for consumers

(Redacted under FOISA Section 33 (1)b)

Dame Deirdre went on to discuss air traffic management and the regulatory enablers and constraints regarding this area.

Technology developments – remote towers

Dame Deirdre confirmed that the CAA are very interested in this technology

(Redacted under FOISA Section 33 (1)b)

Rules, Regulations and Politics

Dame Deirdre expressed interest in HIAL's view of the EASA ATM Implementing Rule (ATM – IR) – Jan 2020, she felt it was more significant for HIAL, that we would be pleased but that it also might present some challenges. She was also interested in our view of fatigue risk management.

Future Airspace Strategy

Dame Deirdre expressed gratitude to Mr Lyon for HIAL's constant assistance regarding security issues and the CAA feels that HIAL's plans harmonise with their own on this. She went on to explain the CAA's view in relation to FAS and the teams they have set up. She expressed a problem regarding introducing the new technology due to the 'Chicken and Egg' nature of some FAS deliverables.

Oversight

It is the view of the CAA that they should not be a constraint on the things that people want to do, their goal is to deliver better performance as a regulator through improvements in efficiency and effectiveness.

Conclusion

The CAA is adapting to a changing political, regulatory and business environment and is committed to gaining the maximum possible benefits from opportunities that technological and political developments permit, whilst continuing to integrate and harmonise their activities to deliver the best regulatory service possible. The CAA is also committed to improving its performance by making improvements in efficiency and effectiveness.

(Redacted under FOISA Section 33 (1)b)

Mr. Macrae proceeded to brief Dame Deirdre on HIAL's key projects and strategy 2030 works. Mr. Lyon went on to explain that HIAL presented Air Traffic Provision briefings to MP's and MSP's earlier in the month and that the support from John Dow, CAA was greatly appreciated. Mr. Lyon stressed that HIAL needs to change in order to deal with a number of arising issues and that HIAL would like the ability to draw on the resources and further support of the CAA.

(Redacted under FOISA Section 33 (1)b)

Mr. Stuart briefed Dame Deirdre on performance based oversight and the significant risks. The discussion turned to BREXIT and Mr. Cox informed the board that the Scottish Government is trying to get information on this.

Dame Deirdre left the board with the conclusion that HIAL and the CAA need to make advances and to continue working on performance based oversight. The Board thanked Dame Deirdre for attending, Dame Deirdre left the meeting.

(Redacted under FOISA Section 33 (1)b)

Item 1 – Minutes of the Board 09.05.17

After a slight re-wording of Item 2, the Minutes were approved by the board.

Matters Arising

(Redacted under FOISA Section 33 (1)b)

Mr Lyon informed the board that the Head of HR finished with the business on 23rd June 2017 and that a new point of contact has been employed in the interim for a period of 4-5 months whilst recruitment for the position goes ahead. The Board noted the updates.

Dundee Airport Summary – Verbal Update

Gregor Hamilton joined the meeting via conference call.

Helios – Scoping Study

Mr Macrae informed Mr Hamilton that Helios should be contacting the council offices in the next couple of weeks.

(Redacted under FOISA Section 33 (1)b)

Tay Cities Deal

Mr Hamilton then went on to update the board on the Tay cities deal; Scottish Enterprise have been commissioned to do a piece of work on an economic impact analysis for Dundee airport, which is due to be presented in July. This presentation will be attended by Transport Scotland, HIAL, Scottish Enterprise, HITRANS and the council.

(Redacted under FOISA Section 33 (1)b)

Aircraft Equipage

Mr MacRae updated the board on the cost effective aircraft equipage research and development project at Dundee in terms of kitting out the general aviation with cost effective transponder solutions. This project, which is funded by the future airspace strategy, is progressing well and is thought of as an intermediate fix ahead of the full ATM strategy. It is due to come to fruition towards the end of this year.

(Redacted under FOISA Section 33 (1)b)

Mr Hamilton thanked the Board and left the meeting.
The Board noted the updates

Chairman / CEO Report

Mr Cantlay informed the board of his visits to Stornoway and Tiree earlier in the month.

Eastern / Flybe / Loganair

Mr Cantlay informed the board that he and Mr Lyon met with Mr Bond and Mr Hinkles from Loganair.

Managing Director's Report

Eastern / Flybe / Loganair

Mr Lyon expanded on Mr Cantlay's note and went on to explain the up sides to the competition on these routes; more choice for passengers and the potential for cheaper fares. Ms Bruton expressed that she sees this as a positive for the customers and Mr Cantlay said that he foresees a potential spike in travel.

(Redacted under FOISA Section 33 (1)b)

Finance

Mr Lyon informed that he has spent quite a bit of time on 2 main issues since the board last met; the Pension fund, which was touched upon in the board paper and the capital plan. Mr Lyon said that the capital plan is nearing completion and will meet with Transport Scotland colleagues to walk through this prior to returning to the board.

(Redacted under FOISA Section 33 (1)b)

ATM

Mr Lyon informed the board that 2 sessions have been carried out with MP's and MSP's to brief them on the ATM Strategy which received various feedback and also that Mr Lyon and Mr MacRae returned to Kirkwall and briefed the staff. Mr Lyon thanked Mr MacRae, Mr Stuart and the General Manager for ATS for their hard work on this.

Mr Savile congratulated Inverness airport for winning 'Airport of the Year' at the Transport Awards.

Item 2 - Finance

Ms Bruton outlined the finance paper and noted that there was nothing of particular note to be brought to the board's attention.

The 10 year capital plan is currently being reviewed and various meetings have been planned in regards to this.

Ms Bruton confirmed that the car park loan was included in the capital budget.

(Redacted under FOISA Section 33 (1)b)

ACTION: To look more in depth at the Capital spend at the next Board Meeting.
--

The Board noted the updates.

Item 3 – Risk Management Summary

Mr Macrae informed the board that this topic was covered by the audit committee earlier in the day and that all was satisfactory here.

The Board Noted this.

Item 4 – Operations Summary

(Redacted under FOISA Section 33 (1)b)

Environmental Management and Sustainability

For the issue of the surface water drainage project at Inverness, HIAL is meeting SEPA monthly and tracking the progress through monthly reports.

Mr Lyon informed the board he has been gathering information on this also.

(Redacted under FOISA Section 33 (1)b)

Airports

Mr Stuart reported increased business from Islay and the Southern States airports with little or no extra resource. In despite of this success, Loganair will still remove some of those flights come September.

(Redacted under FOISA Section 33 (1)b)

Security

Mr Stuart informed the board that there has been no change to the aviation threat level, having said this, HIAL has introduced ASMs and the lead inspector has been doing tours of ASM airports.

Going forward, on a quarterly basis, the corporate security manager has also requested all the CCTV footage from all the airports which they will go over with their team to ensure the processes are followed correctly, they will also remind each airport, verbally and in writing, of their responsibility to ensure the processes are followed. The lead inspector has also been invited to the October Management Meeting to explain what he expects from the airport managers.

(Redacted under FOISA Section 33 (1)b)

ICT

Mr Stuart informed the board that 4 interviews have been set up for the Head of ICT role, currently vacant and that Incremental group have been a great support in absence of a person in this role.

The Board noted the updates.

Item 5 - Eastern / Flybe / Loganair

Discussed in Managing Directors Report.

Item 6 – HIAL Pension Scheme

(Redacted under FOISA Section 33 (1)b)

The Board noted the updates.

Item 7 – Commercial Report

Mr Lyon updated the board from the commercial report. Mr Lyon explained to the board he plans to set up a small team to promote winter routes and minimise the winter loss. He also informed the board of upcoming meetings with the oil and gas industry.

(Redacted under FOISA Section 33 (1)b)

The Board noted the updates.

Item 8 – IT/ Communications

Mr Lyon was pleased with the work done so far in the communications and social media area. He informed that training had been given to managers on this and the communications team have been doing a great job in raising the HIAL profile.

The Board noted the updates.

Audit Committee Update 27.06.17

Ms Jack briefed the board on the audit committee meeting earlier in the day. The audit committee had a presentation on IABP. There were updates on the risk register and the internal audits, the team were responsive and this looks good against the plan HIAL had for the year.

For the next meeting there will be an update on the Scottish public finance manual and the terms of reference. There were no reports of fraud. The audit committee looked at the draft invitation to tender for HIAL's internal audit services which will go out in the next few weeks.

The Audit Committee minutes will be circulated along with the next board papers.

(Redacted under FOISA Section 33 (1)b)

Item 15 - Any Other Business

No other business

Date of Next Meeting

The next Board meeting will be held on 22nd August 2017 at Inverness Airport.

(Redacted under FOISA Section 33 (1)b)