



# MAKING CONNECTIONS

ENGAGEMENT ON  
HIAL'S STRATEGY  
2019-2025



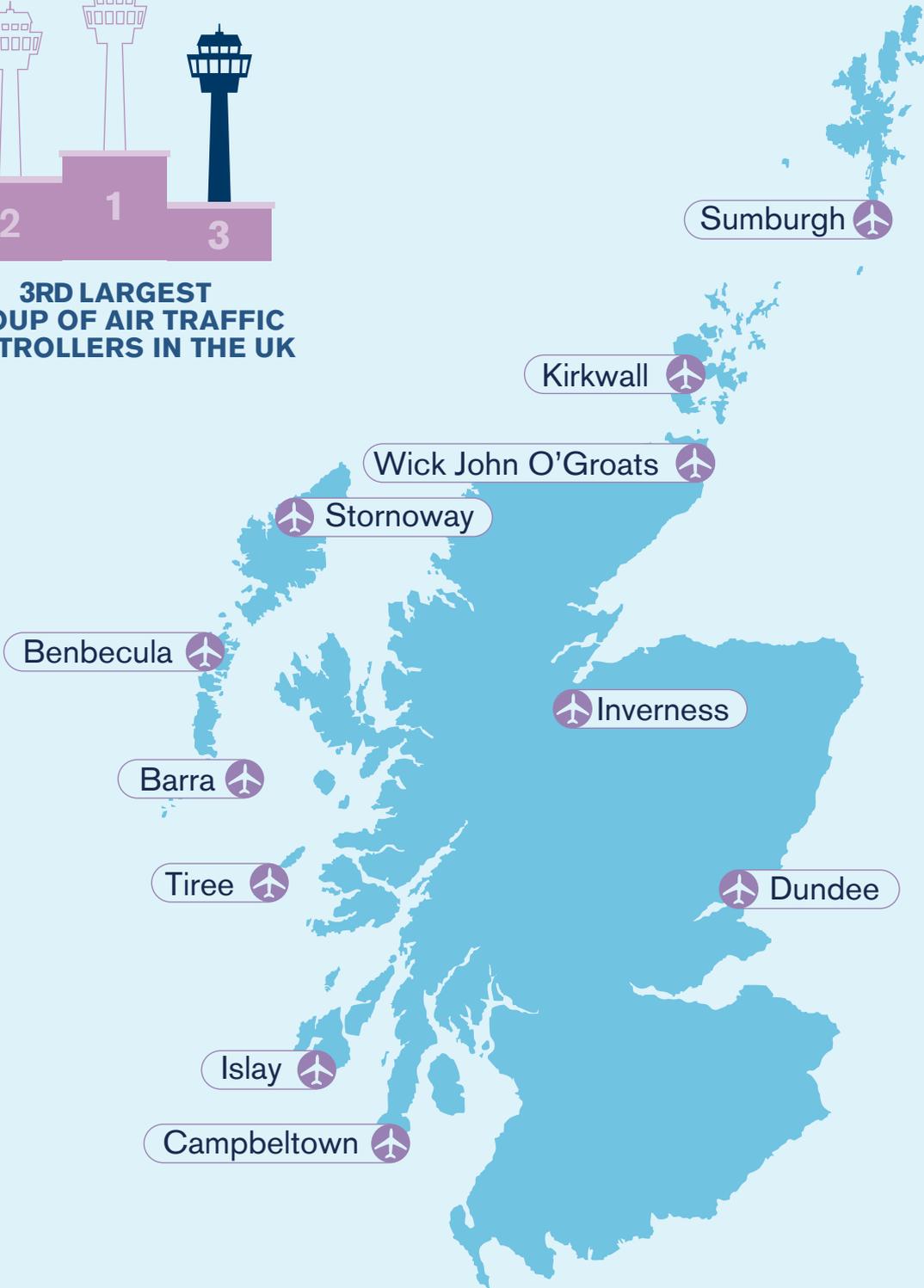
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YOUR OPINION MATTERS



**3RD LARGEST  
GROUP OF AIR TRAFFIC  
CONTROLLERS IN THE UK**



 Airport operated by HIAL



# In an ever-more connected world, it is vital that Scotland does all that it can to ensure its people, communities and businesses are as well-connected as possible.

Which is why we are now engaging with our stakeholders – asking what they think about HIAL and how we should develop in the years ahead to shape our future.

At Highlands and Islands Airports Limited we operate and manage 11 airports at Barra, Benbecula, Campbeltown, Dundee, Islay, Inverness, Kirkwall, Stornoway, Sumburgh, Tiree and Wick John O’Groats.

The airports cover the council areas of Dundee City, Argyll and Bute, Highland, Western Isles, Orkney and Shetland – which together encompass around half of Scotland’s land mass.

They enable vital lifelines to these communities, many of which sit on the far periphery not just of the UK, but of Europe.

More than this, they help deliver social benefit and economic prosperity to the areas which they serve – bringing visitors and business, as well as creating local employment and supporting vital services.

However, HIAL’s airports are loss making, and are supported by subsidies from the Scottish Government in accordance with Section 34 of the Civil Aviation Act 1982.

It is therefore vital that our airports are run as well as possible – to remain sustainable and offer value to the Scottish taxpayer, and to deliver the services our customers wish to see whilst minimising the impact on the special environment we operate in.



BARRA	14.8K	KIRKWALL	196K
BENBECULA	38K	STORNOWAY	137K
CAMPBELTOWN	8.7K	SUMBURGH	348K
DUNDEE	22K	TIREE	13K
INVERNESS	909K	WICK	19.5K
ISLAY	35.4K		



In the last ten years we have seen enormous and very positive changes to how our airports are used, and in 2018/19 we welcomed almost two million passengers through our network, with a growing reputation for friendly and personal service.



**£7M**  
REFURBISHMENT  
TO SUMBURGH  
AIRPORT



SEARCH AND RESCUE BASES



INVERNESS  
SUMBURGH  
STORNOWAY

NO 1 DESTINATION FOR  
**DUNDEE**  
GOLFERS ARRIVING BY PLANE



**NEW  
SERVICES**

LONDON HEATHROW  
MANCHESTER  
AMSTERDAM  
MAJORCA  
SOUTHEND  
EAST MIDLANDS



**974,641M<sup>2</sup>  
OF RUNWAY**



**HEATHROW HAS 378,000M<sup>2</sup>**



**DOUBLE DAILY SERVICE  
INV-LHR**

Inverness has enjoyed 30% growth over the last 10 years, the second highest of Scotland's four busiest airports – Edinburgh Airport: 49% growth, Glasgow Airport: 22% growth and Aberdeen Airport: 6% decrease. New services have opened from Inverness to destinations, including regular flights to London which enable a full business day via Heathrow, Manchester and Amsterdam, and holiday flights to Majorca and Zurich.

In the Western Isles, Stornoway is now connected to Southend via Glasgow and summer flights are available to Manchester for passengers travelling from the Western Isles, Shetland and Orkney.

The iconic beach runway at Barra continues to draw visitors from around the globe. Dundee has become popular as a centre for private flights and Sumburgh airport – which has recently had a £7 million refurbishment – remains a vital transport hub for Scotland's energy sector.

**This is all tremendous news – but we still remain ambitious and will respond to future global trends.**

For example, tourism is growing, but becoming ever more competitive on a global scale, and we must cater for it whilst at the same time addressing climate change remains a high priority and we are committed to minimising our impact wherever possible. To meet these challenges and opportunities, HIAL is creating a new strategy framework to outline how we propose to develop and grow between now and 2025.

At the same time, we are taking the opportunity to ensure our strategy and connectivity challenges faced within the Highlands, Islands and Dundee feed into the UK Aviation Strategy for 2050 and the impending Scotland Aviation Strategy. The Scotland Economic Strategy also sets out a vision for sustainable and inclusive economic growth relating to all of the communities in which we operate.

To develop our strategy, we commissioned a study led by Cranfield University around the business risk and resilience for HIAL. The outcome of this study has helped inform our strategy and contribute to our response to the UK Aviation Strategy for 2050 and the impending Scotland Aviation Strategy. In an ever-changing world, HIAL also requires its own ambitious strategy to deliver innovative solutions that work for our local communities.

To achieve this we require input from a broad range of stakeholders, including local authorities, emergency services and the business community. We look forward to working with our stakeholders to shape and deliver our mission – to create social benefit and economic prosperity by building Scotland's Regional airport network of the future.

If we look ahead to 2025 and beyond – how might our airports, and the communities they serve, change? Will tourism continue to grow at current rates? How can airports help economic growth and arrest population decline? What other services can our airports, and the people who work there, deliver locally? What will the industries of the future, such as aquaculture, tourism and energy, require of our airports, and the airlines that serve them?

**We need to add to our understanding of this evolving landscape, and so we would like you to engage with this process by letting us know your thoughts on how our service is performing at present, and your big ideas on how it can evolve and be improved in the future.**



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**YOUR OPINION MATTERS**



# → Our Strategic Plan 2019-2025

At HIAL, our mission is to create social benefit and economic prosperity by building Scotland's regional airport network of the future. This is part of our ambitious vision – to become the best regional airport group in the world.

In some areas, we see hotspots of innovation and growth, where creative new businesses, allied to community ownership of land and energy projects have helped turn the tide. This draws in new people, which in turn helps underpin schools, rural services and the economy as a whole.

However, our region faces a number of challenges, and despite some areas of growth, many of our remote communities have been subject to long-term population reduction, and some have ageing populations reliant on declining industries.

The Scottish Government has an ambition to make every part of Scotland an attractive and welcoming place to live, work, bring up a family and grow old. Renewable energy and life sciences are new industries which have helped counteract the decline in other sectors, whilst rural broadband helps enable new internet-enabled business and enterprises to flourish and grow.

Other high value sectors – such as medical research, and food and drink – depend upon a well-qualified workforce and a strong education sector, both areas in which Scotland excels. Whilst offshore wind, oil and gas, and a vast decommissioning programme in the years ahead mean that marine operations will continue to be big economic drivers for many years to come. The first spaceport in Europe for a vertical rocket launch site is to be built in Sutherland, putting the Highlands at the heart of the European Space Programme, and creating new employment opportunities.

So how can HIAL work in partnership with others to contribute to this ambitious picture?

What will our communities of the future look like? What industries will flourish and how can HIAL provide support? Will the current growth in tourism continue – and if so, how can we manage this sustainably?

How can we make our communities as attractive as possible – as places to live and work, as well to visit – and what part will regular flights play? How can we build resilience into our business model – so that HIAL's airports can attract more major carriers and more flights? Do we need to open up flights to new locations, or focus on more regular flights, and bigger planes to existing ones? Or both?

How can our airports become fully-embedded in the communities they serve – offering a range of services, for businesses, communities and visitors – which make all our locations memorable, distinctive and places people wish to return?

We are certainly not standing still. There are many areas, including the modernisation of our air traffic services which are already underway. Much of our activity – including airport safety and new route development – is part and parcel of what we do.

We are keen to gather as many different viewpoints as possible – which is why we are embarking on this engagement programme. We are keen to find out how you think we are doing in these areas, as well as your big ideas for the future.

## → Our Goals

We have developed a draft framework strategy to guide our programme to 2025, and continue to engage with our staff to gain their input and insight.

<p><b>GOAL 1</b>  <b>Working for You</b>                  Improving the customer experience</p>	<p><b>GOAL 2</b>  <b>Working for the region</b>                  Supporting economic growth</p>	<p><b>GOAL 3</b>  <b>Improving our environment</b>                  Delivering sustainable operations</p>	<p><b>GOAL 4</b>  <b>Supporting our communities</b>                  Local employment and engagement</p>
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To meet our goals, our draft strategy has developed a number of key commitments and enablers in order to give a clear framework for our future actions.

## → Our Commitments

**Our four key commitments are:**

- New business and route development
- World class operations
- Sustainable financial growth
- Environmental care and excellence

Each commitment describes an area of our work, which makes a direct contribution to our goals.

## → Our Enablers

Underpinning these we have developed four enablers – which describe areas of HIAL’s work that reach across the whole business and will support our transformation programme.

**Our four enablers are:**

- Improving aviation connectivity
- Delivering digital transformation
- Building successful partnerships
- Developing our people

We will measure progress against each commitment and enabler – both as an organisation and at individual airports – to give a clear indication of how well we are delivering our strategy.



# Our Commitments

## → COMMITMENT 1

### New business and route development

At HIAL we have a bold ambition to continue to grow our business through opening up new routes and attracting additional passengers, whether that be for business, leisure, lifeline services, or to visit friends and family. We'd like to know if you use our services, and how you think they can be improved.

Our success will be measured through how many new routes we open, how we continue to grow existing services, and annual growth in passenger numbers.

#### Whisky tourism supports new route for Islay

Islay Airport has seen passenger growth of 22% over the last three years (35,000 passengers), based on daily flights to Glasgow. Islay has a population of around 3,500, and eight working distilleries with a ninth planned to open in the next couple of years.

There is an anticipated increase in passengers, in particular from the large whisky tourist markets from the Far East. HIAL has worked closely with local businesses and the airline Loganair to introduce a new route to Edinburgh, which launched on 31 March 2019. Initially four days per week, this will rise to seven days per week from mid-April and through the summer, increasing the global reach for the island via the multiple international services into Edinburgh. The additional flights have created 10 new roles at the airport.

## → COMMITMENT 2

### World class operations

Our ambition is to ensure that every one of our airports has the very highest standards of safety performance and resilience, whilst offering our customers an exemplary level of service.

Our performance will be measured by customer satisfaction surveys at all of our airports. In addition, due to passenger volume, we will also utilise an external industry assessment via an annual Airport Service Quality Assessment for Inverness Airport.

#### Making Inverness the best regional airport in the UK

Inverness Airport has an ambition to be the number one airport in the UK – and is putting in place all the steps to achieve that goal. In 2016, HIAL invited Airport Service Quality (ASQ) – the world's leading airport passenger satisfaction organisation – to complete a comprehensive survey of the airport.

Although we did well in that report, we aspire to be better still, and in 2018 Inverness became a participant in ASQ's main programme – which will give the airport an annual ranking benchmarked against every participating airport in the world, and specifically against participating UK airports. The goal is to be number one in airport ranking in the UK (Inverness is currently ranked second) and to be ranked in the top five in Europe by 2025.

1

#### CONSULTATION QUESTION

**Do we have the right destinations and frequencies to support your social, business and community needs? If not, what are the gaps and how would they help you if implemented?**



Respond now: [www.HIAL.co.uk/consultation](http://www.HIAL.co.uk/consultation)

2

#### CONSULTATION QUESTION

**Does customer service at our airports meet or exceed your expectations? If not, please tell us how we can improve to make your airport experience exceptional?**



Respond now: [www.HIAL.co.uk/consultation](http://www.HIAL.co.uk/consultation)

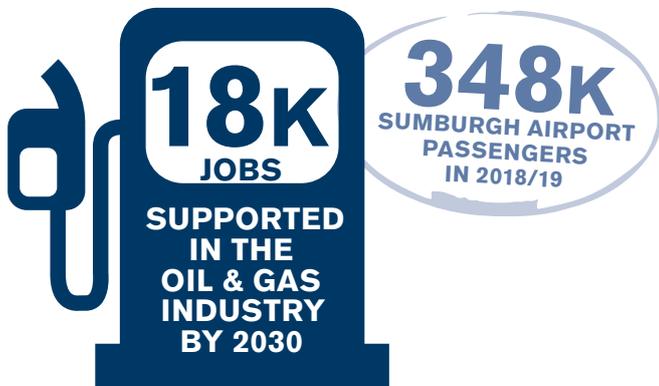
→ COMMITMENT 3

## Sustainable financial growth

As a publicly owned organisation, our aim is to deliver our operations in the most cost effective, resilient and efficient manner. HIAL's airports require subsidies from the Scottish Government, which in 2018/19 totalled some £21.5M.

Our goal is to reduce our expenditure, increase our revenue and reinvest in our services.

HIAL will consider different operating models and innovative ways of delivering our service provision to maximise income and sustain financial growth.



### Sumburgh Airport – investing for economic growth

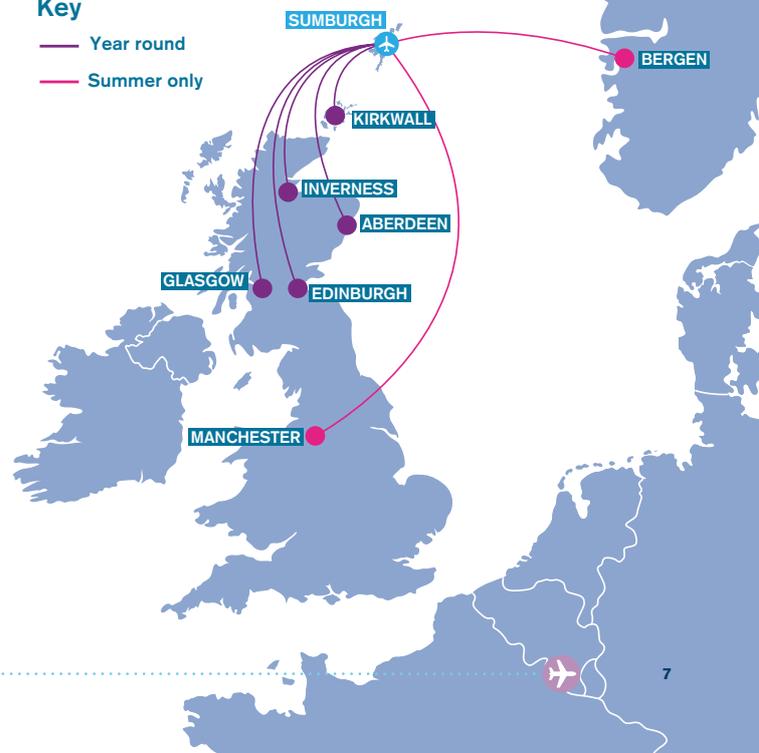
In an effort to ensure a future for Sumburgh airport, HIAL received £7M additional funding from the Scottish Government to invest in updating the ageing facility to meet the exacting needs of the oil and gas offshore traveller requirements.

The HIAL team worked hand in hand with helicopter companies and the airlines, who serve the oil and gas companies, to ensure their standards were met or exceeded. Efficient and comfortable processing of offshore workers was at the heart of the development strategy. To minimise helicopter travel some offshore energy companies choose to fly their employees by airplane from the mainland and transfer them on to helicopters on Shetland to travel to their oil rigs.

The first phase of improvements began in 2014. Six companies immediately switched on to using Sumburgh, such as Statoil (Equinor), who began their initial servicing of the Mariner Field, Shell and BP. Passenger numbers peaked at 420,000 in 17/18. This investment is ensuring the future of the airport and local jobs.

**Key**

- Year round
- Summer only



**3**

**CONSULTATION QUESTION**

Are there services that you would like to see at our airports? What are they and do you feel they would generate income?

Respond now: [www.HIAL.co.uk/consultation](http://www.HIAL.co.uk/consultation)

# Our Commitments

## → COMMITMENT 4

### Environmental care and excellence

**We are committed to continually improving our airport's environmental performance and are currently taking the first steps on the journey to make all of our airports carbon neutral.**

To get there, and help us achieve a zero waste policy we need to be innovative in the way we conduct our business. We will examine renewable energy option, and ensure our procurement process evolves around sustainable supply chains.

Through our sustainable development, we will meet the needs of the present without compromising the needs of future generations whilst protecting the uniqueness of our natural environment, culture and heritage.

Our success will be measured by a 70% increase in recycling (against 2019 baseline), a 20% reduction in water consumption, a 14% reduction in energy demand by 2025 and accreditation within the Airports Council International's Airport Carbon Accreditation Scheme.

The study by Cranfield explored the efficiencies of different aircraft types currently in operation. HIAL are committed to encouraging the most environmentally efficient aircraft to operate from its airports and will work in partnership with key stakeholders to examine all options.

#### Project Fresson – the Cranfield Electric Aircraft – Low Carbon Air Transport

We are supporting an exciting new project which is being launched by Cranfield Aerospace Solutions Ltd (CAeS) and Cranfield University. Project Fresson aims to produce a viable commercial electric aircraft with short-range island hopping capabilities by 2021/22, enabling Scotland to launch the world's first electric air transport routes. And with its abundance of renewable energy, where better to do this than the Highlands and Islands?

The project team face the challenges of 'electrifying' an existing 9-seater aircraft and building on this innovative approach to design and manufacture a hybrid-electric 19-seat aircraft, whilst working within the current limits of battery technology. HIAL will be supporting with the necessary ground infrastructure and services to ensure that the aircraft can operate safely and effectively from HIAL airports.

By starting with an already certified aircraft, transition to an electric aircraft will be quicker and less risky. With current battery technology being able to support smaller aircraft (9-seat and below) on short flights of less than 60 minutes' duration, the ideal application that the team are focussing on is a Britten Norman Islander island-hopping route. The Britten Norman Islander is currently used on the Orkney islands by Loganair.

Replacing fossil fuel powered aircraft with electric would support the Scottish Government's "Low Carbon Economic Strategy for Scotland" and directly contribute to HIAL's ambitions to reduce reliance on fossil fuels. Electric propulsion is inherently quieter than normal aero-engines, presenting another environmental benefit of helping to reduce noise pollution. In addition, there will be real cost savings by transitioning to electric aircraft. The cost of fuel (electricity) is likely to be less than 20% of the cost of Avgas per mile and maintenance costs should also reduce, since electric motors have very few moving parts.

There is a tremendous opportunity for Scotland to lead the way in the implementation of environmentally friendly electric aircraft. It will need a coordination between government, regulators, airlines and the project team, but with the right support it offers an excellent opportunity to achieve this positive outcome.

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#### CONSULTATION QUESTION

**Can you suggest ways to reduce the impact we have on the local environment and how we could enhance the natural environment at our airports?**



Respond now: [www.HIAL.co.uk/consultation](http://www.HIAL.co.uk/consultation)

# Our Enablers

Each of our enablers underpins all of the work we do, and makes a direct contribution to our goals.

→ ENABLER 1

## Improving aviation connectivity

Air connectivity is key to unlocking a country's economic growth potential – attracting business investment, attracting new residents and generating more tourism.

An independent economic impact report in 2018 estimated that Inverness Airport generates £89M tourism spend in the airport catchment area, creating an additional 1774 full time tourism jobs.

Direct and indirect connections require convenient air schedules and an increased number of onward connections through hub airports such as Edinburgh, Glasgow, Manchester, Gatwick, London Heathrow and Schiphol.

Success will be measured by increased frequency of flights from HIAL airports to UK and international hubs.



Connect to 100s of destinations worldwide  
 — Flights  
 — Charter Flights

5

CONSULTATION QUESTION

**What would make you, your customers or family use flights from your local airport more frequently?**



Respond now: [www.HIAL.co.uk/consultation](http://www.HIAL.co.uk/consultation)

### Welcome BA expansion at Inverness

Passengers have the choice of more daily flights between Inverness and London – and even better connections to the world – when British Airways (BA) increased the number of flights to two daily return services year round from April 2019, and three return flights at the weekends through the summer of 2019.

These scheduled changes are great news for business travellers in particular who now have the choice to fly from Inverness to London via Heathrow with British Airways, or Gatwick with easyJet. And of course these additional flights will encourage more visitors to the Highlands, but not just from the South East of England. The flight transfer opportunities to worldwide destinations from Inverness has increased, in both directions, making it much easier for International travellers to find transfer flights with more convenient connection times to Inverness.

The return of the double daily to London Heathrow has involved years of partnership working with HIAL, BA, London Heathrow, Transport Scotland and the

Highlands and Islands business community. The single daily Inverness to Heathrow route started in 2016. Carrying 32,000 passengers in 2018, the route generated an additional £8M of inbound tourism per annum. Keeping a close tab on how the route was used in the first three years and understanding local business future travel requirements enabled HIAL to build a strong business case for additional flights. This encouraged BA to make the commitment to overnight park an aircraft in Inverness, and therefore 10 crew members will be staying in Inverness accommodation all year round. These flights should see additional passenger numbers rise to over 40,000.



→ ENABLER 2

## Delivering digital transformation

Our world is becoming increasingly connected, and the online world offers new possibilities for HIAL to change the way we do business. We already offer free wi-fi at all our airports, and are now looking to improve our security and connectivity as well as improving our online offering via our HIAL website.

HIAL will deploy in depth data analytical solutions and new technologies throughout the whole HIAL estate. Effective use of technology will help all our airports ensure better performance and streamline, simplify and improve both the customer experience and operational efficiencies.

This use of technology will not be focused on one single area, but used holistically across the whole process from check-in to baggage handling and airport services.

Success will be measured by customer satisfaction results and by our customers' use of our online channels, including social media, online transactions.



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CONSULTATION QUESTION

**How can we use technology to improve your overall travel experience?**



Respond now: [www.HIAL.co.uk/consultation](http://www.HIAL.co.uk/consultation)

→ ENABLER 3

## Building successful partnerships

Each of our airports relies on working in partnership with a wide range of stakeholders – the local community which uses airport infrastructure and lifeline services, local partner public sector bodies and emergency services, airport tenants and airlines – to name a few.

Success will be measured by the number of partnership projects we initiate, and the increased number of collaborative services. For example, in the last two years we have worked closely with the Scottish Fire & Rescue Service to deliver training programmes in our region.



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CONSULTATION QUESTION

**What opportunities are there for further collaborative partnerships within your local community, across the HIAL group and beyond?**



Respond now: [www.HIAL.co.uk/consultation](http://www.HIAL.co.uk/consultation)

→ ENABLER 4

## Developing our people

People lie at the heart of HIAL and are responsible for ensuring we operate a safe, welcoming airport network to the very highest professional standards. In the years ahead, we aim to meet Investors in People standards at the highest score possible.

To measure progress, we will utilise our Investors in People assessment results and will benchmark ourselves via annual staff satisfaction and engagement surveys.

Pictured below: Andrea MacDonald, Scotland's first female airport fire manager.



### Building teams, delivering excellence

With some 628 permanent staff spread across some of Scotland's most remote locations, HIAL is a major employer in the Highlands and Islands, and in Dundee.

The employee numbers by Local Authority area is:

Argyll & Bute	57	Dundee	56
Western Isles	107	Orkney Islands	63
Highland	252	Shetland Islands	93

Given the unique nature of most of the airports, many of the employees are multi-skilled and are able to deliver a number of services to customers, usually backed up with excellent local knowledge.

We work closely with partner organisations such as Inverness College and the University of the Highlands and Islands to develop and deliver appropriate training; and we have our own team of trainers who deliver courses in Inverness and at local airports.

The HIAL team's core responsibility will always be to ensure the safe and secure operation of all our airports, but we are increasingly focussing on personal development for staff, and looking at ways that every individual employee can contribute to our vision – to become the best regional airport group in the world.

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#### CONSULTATION QUESTION

**How important is HIAL as an employer in your area? Is HIAL an employer of choice locally?**



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#### CONSULTATION QUESTION

**Are there any additional factors that would transform the travel experience from/to your local airport for you, your customers or your family?**



Respond now: [www.HIAL.co.uk/consultation](http://www.HIAL.co.uk/consultation)



# Thank you

Thank you for participating in this engagement exercise. Your views will help shape our strategy and will contribute to our ambitious vision – to become the best regional airport group in the world.

If there any additional factors or comments you would like to make that would transform the travel experience at your local airport for you, your customers or your family, please let us know.

We are also providing an opportunity for you to respond to the consultation questions online.

Our online questionnaire can be found at [www.HIAL.co.uk/consultation](http://www.HIAL.co.uk/consultation)



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