

**MINUTES OF THE 219TH MEETING OF HIGHLANDS & ISLANDS AIRPORTS LTD (“HIAL”)
BOARD HELD AT VICTORIA QUAY, EDINBURGH ON 30TH JUNE 2015**

Present	Mr Grenville Johnston Mr Inglis Lyon Ms Gillian Bruton Ms Lorna Jack Mr Jim McLaughlin Mr David Savile Mr Tim Whittome	Chairman Managing Director Finance Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director
In Attendance	Mr Mark Stuart Mr Robin Macrae Mr Gary Cox Mrs Jackie Clark	Director of Operations Head of Operations Transport Scotland Executive Assistant (Minutes)

Please Note: Information has been redacted where it is subject to one or more exemptions under FOISA

Item 1 – Apologies

There were no apologies received.

Item 2 – Minutes of the Previous Meeting

The minutes of the meeting held on April 27th were accepted as a true reflection of the meeting.

Item 3 – Matters Arising from the Minutes

Mr Stuart highlighted to the board the OOH document contained within the Appendice and sought the Boards feedback. He confirmed to the board that following revision this was the preferred administration going forward. However it still left the issue of whether or not the board were satisfied with the level of risk incurred when aircraft arrived in the absence of the appropriate Fire and ATC cover. Mr Johnston asked if legal advice had been taken and Mr Stuart confirmed that it had but neither he nor the legal advisors could advise the company what to do, it was a matter for the board to decide. Mr Lyon confirmed that the revised and associated requirements to inform the passengers on such flights of the emergency service provision was in his opinion sufficient to provide the company with adequate protection in the event of an accident. Mr Savile queried if the risk could be reduce further and Mr Lyon confirmed that it could by the arriving aircraft pre-booking both fire and ATC ie special opening. Following further round table discussions it was confirmed that the current OOH arrangements would continue using the revised administration. Mr Johnston asked Mr Whittome if he thought the form was agreeable and Mr Whittome concurred.

Item 4 – Corporate

4.1 Risk Management

Mr Stuart provided an update on the Business Continuity Plan meeting which was held on 23rd June. Mr Macrae said going forward the company must ensure that the BCP was actively managed as part of the approach to Risk Management.

Mr McLaughlin sought further details regarding the recruitment of the Sumburgh Terminal Operations Manager and Mr Stuart provided the same. **Minute Redacted**

Mr Johnston then asked what was the current situation regarding SEPA and Mr Stuart confirmed that there was further work to do both at Inverness and Wick to better understand the drainage.

A discussion followed on the report provided by York Aviation on Sumburgh Airport and NATs current 'movements per hr'. Mr Macrae said they were working with NATs to look at how to increase capacity.

Mr Johnston concluded by stating that the No 3 risk at Lossiemouth is Seagulls!

4.2 Safety Management

Mr McLaughlin asked about the current status of the issue involving the cubicle door in the terminal building. Minute Redacted. Mr Savile queried the status of the concrete on the runway end at Inverness and Mr Stuart confirmed that elderly concrete had been lifted by jet wash and had subsequently been repaired. Mr Johnston then sought further clarity on the status of Wick runway and Mr Stuart confirmed that the shoulders which had not been subject to resurface were deteriorating faster than anticipated and would be subject to temporary repair using products recently brought to the industry.

4.3 Operational Report

Mr Johnston sought details on the introduction of the Iturri appliances and Mr Lyon confirmed there were still far too many defects which would be raised at a meeting with Iturri. Mr Stuart was then asked to provide an overview on the current status of ATC trainees and other ATC staff and he confirmed that whilst the picture was positive in the round, there were localised issues of sickness and staff shortage at Stornoway and Wick which meant that ATC staffing levels remained a corporate risk for HIAL. Minute Redacted.

4.4 Regulatory Report

Mr Johnston sought details of the progress on the Airspace Change Proposal. Minute Redacted. Mr Macrae confirmed that all things were tied off with the military and they were now just waiting on the General Aviation Community to conclude.

Mr Stuart provided an update on the status of the GNSS project advising he was hopeful of sign off shortly by the CAA.

4.5 Environment

The board were content to note the position.

4.6 ASM

Mr Lyon provided an update on the current status of ASM's discussions with the Dft, Minute Redacted. Given the change in quantum and the time elapsed since the process first began Mr Lyon sought approval from the board to continue with the process and the board agreed. Mr Lyon undertook to write to the Dft in due course confirming the company's position and would of course keep the board informed.

4.7 Infrastructure Services

The board noted the report and look forward to meeting Mr Inglis in due course.

4.8 Southern States

Mr Macrae provided an update on his wider role incorporating responsibility for Southern States. He highlighted his current work stream on AFS manning levels and confirmed that this had the potential to introduce a more proportionate approach to manning the fire service in the southern states. He would provide more detail on the feedback from those affected at the next board.

Item 5 – Business

5.1 Commercial Update

The board discussed the current state of flux in the Flybe management team, the reported financial position, and discussed the potential impact on air services in the Highlands and Islands. The board agreed it was a position that they needed to understand better **Minute Redacted**. Mr Cox then informed the board about the work being undertaken by the Island Authorities on frequency fares and reliability and suggested that this would help inform any HIAL discussions. Mr Lyon agreed but thought it important that HIAL form its own views taking the wider context of the Highland and Islands into account rather than an Island view from these authorities. Ms Jack asked if it were possible to form an 'ideal network' based upon fares and frequency. **Minute Redacted**. Mr McLaughlin then said that the discussion dovetailed with earlier strategy discussions. Mr Lyon concurred and agreed to bring an outline scoping document to the board in Sumburgh. Mr Cox then updated the board on the current progress of tenders received for the islands PSO. **ACTION – IL**

5.2 Inverness Airport Business Park Update

Mr Lyon confirmed that there was a possibility of a future **Minute Redacted** expenditure to fulfil their requirements as a partner of the IABP Board. The board agreed to the expenditure. Mr Johnston noted concerns regarding the departure of the current chairman and asked if there was a requirement for another HIAL director to attend the board meetings. Mr Lyon confirmed that board composition was a reflection of the shares in the business.

5.3 Sumburgh Airport

Mr Lyon provided an update on the runway construction which is almost completed. He also confirmed that the contractors M&H had also submitted various Compensation Events which he intended to discuss with them at a prearranged workshop.

5.4 Shetland Island Council Settlement (SIC)

Mr Lyon confirmed that matters with the SIC had reached something of a stalemate and he sought board approval to take a more proactive approach in trying to reach a settlement. The board concurred and Mr Lyon agreed to keep the board updated.

Item 6 – Finance and Legal

6.1 Monthly Accounts

Mrs Bruton reviewed the monthly accounts and updated the Board on the salient points. Mrs Bruton confirmed that the capital budget was incredibly challenging and that the company was introducing a more regular review of capital spend and capital projects to ensure that the budget was administered in a more effective way. Following the May Audit Committee Meeting, Mrs Bruton advised the Internal Audit was complete for the year.

6.2 Glasgow PSO Replacement Aircraft

Mr Lyon advised that the paper would now be presented annually given that the aircraft were in and operational.

6.3 Procurement Update

Mr Lyon confirmed that whilst procurement in the company was fulfilling most of the administrative requirements it remained cumbersome and inaccessible to a number of users. He confirmed that the procurement manager had been encouraged to participate in procurement professional development and he was hopeful that this would lead to a more accessible service.

6.4 Projects Update

Mrs Bruton advised that Tracy Richmond was back following her maternity leave and that Iain Thain was retained on a temporary 2 year basis to work on specific projects. Mrs Bruton updated the board on the 8 specific projects he will be focussed on and the potential benefits/savings aimed for.

Item 7 – Human Resources

7.1 HIAL Pension Scheme Update

The Board noted the position.

7.2 Public Sector Pay Policy for Senior Appointments

The board agreed to seek maximum available award.

Item 8 – AOB

Ms Jack gave the Board an update about the 'Women on Boards' program and asked if the board would support. Mr Johnston agreed. Ms Jack to make contact and direct person to Mr Johnston.

ACTION - LJ

Mr Johnston said he was over the moon at hearing that Callum Smith, Inverness Airport Duty Manager was runner up at the Hospitality Assured Champion of the year awards and delighted at also seeing the Staff Newsletter had made a return.

Item 9 Dates of Next Meeting

The next Board meeting will be held on Wednesday 19th August in Sumburgh and the next Audit Committee will be held on Tuesday 18th August.