

**MINUTES OF THE 210TH MEETING OF HIGHLANDS & ISLANDS AIRPORTS LTD (“HIAL”)
BOARD HELD AT STORNOWAY AIRPORT ON 8TH APRIL 2014 AT 10.55AM**

Present	Mr Grenville Johnston Mr Inglis Lyon Ms Gillian Bruton Ms Lorna Jack Mr James 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 Gary Cox Mrs Kirsteen Adams	Representing the Scottish Government Minutes

New Non-Executive Directors

The Chairman began the meeting by welcoming Lorna Jack and James McLaughlin, HIAL’s two new non-executive directors, asking them to provide a brief professional background and their motivation for joining the HIAL Board.

Mr McLaughlin was, until recently, the HR Director for the Nuclear Decommissioning Authority. Prior to this post, Mr McLaughlin had been Group Head of Learning at The Royal Bank of Scotland. With over 30 years’ experience in the construction, power generation and energy supply industries, Mr McLaughlin has also held the positions of Director of Learning at Scottish Power and International HR Director for PacifiCorp in the USA. Mr McLaughlin also has board level experience in both the public and not for profit sectors, most recently as Chair of Energus and as a Non-Executive Director of the Direct Rail Pension Scheme. He has an MBA and is a Chartered Member of the Institute of Personnel and Development.

Ms Jack joined the Law Society of Scotland as Chief Executive in 2009. She led its staff in delivering a modernisation programme which included improvements to the Society’s transparency, governance, outreach to members and business efficiencies. Ms Jack has held a number of senior posts including President Americas for Scottish Development International, the Scottish Government’s trade and investment arm and Chief Executive of Scottish Enterprise Forth Valley. She is a chartered accountant and a graduate of Aberdeen University. Ms Jack is also a Trustee and Treasurer of the McConnell International Foundation.

Item 1 – Apologies

Apologies were received from Mr Mark Stuart.

Item 2 – Minutes of the Previous Meeting

With minor amends, the minutes were accepted as a true reflection of the meeting held on 25th February 2014.

The redacted minutes from the meeting held on 25th February 2014 were also approved.

Item 3 – Matters Arising from the Minutes

Wick Hangar

Mr Lyon confirmed that HIAL had written to the local council regarding the state of the hangar at Wick Airport and was awaiting a response. **(Redacted under FOISA Section 33 (1)b).**

Item 4 – Corporate

4.1 Risk Management

For the benefit of Ms Jack and Mr McLaughlin, Mr Lyon provided a brief background to the HIAL risk management strategy, explaining that each airport had a local risk register which was consolidated on a regular basis and sent to HO. The majority of local risks remained at a local level however some might be escalated to the corporate risk register and therefore managed ultimately by the corporate risk management team.

Mr Lyon also advised that HIAL had built a good relationship with Cranfield University, working together in an informal partnership to examine how HIAL as an organisation quantified and managed risk, specifically looking at the normalisation of risks.

Risk Oversight Group Meetings

The Chairman confirmed that both he and Mr Whittome had separately attended the last two ROG meetings at Inverness.

Stornoway ATCs

Mr Lyon noted that the support ATCO from Dundee had now validated at Stornoway Airport **(Redacted under FOISA Section 33 (1)b).**

He advised that until recently, the CAA had been somewhat against the proposal of dual valid controllers (being validated at two separate airfields) however these initial hurdles had been overcome and HIAL was now able to progress with dual validation. **(Redacted under FOISA Section 33 (1)b).**

The Board noted the position.

4.2 Safety Management

Mr Lyon explained that HIAL had been, for a number of years now, promoting a just culture throughout the organisation. **(Redacted under FOISA Section 33 (1)b)**

The Board noted the position.

4.3 Operational Report

Fire appliances

(Redacted under FOISA Section 33 (1)b)

Mr McLaughlin commented that HIAL chose to purchase rather than lease the appliances and Ms Bruton confirmed that a tranche of funding had been allocated by the Scottish Government for the replacement of the appliances.

REDACTED VERSION

ATCO Training and Recruitment

Mr Lyon confirmed that HIAL's approach to ATCO recruitment was now focussed on local recruitment drives and that Pat Nolan, the General Manager ATS was investigating how the Company recruited, trained and managed its ATC staff. **(Redacted under FOISA Section 33 (1)b)**

Through the recent local recruitment drives, the Company had taken on six new trainee ATCOs who, following a 33 week ab-initio course at the Global ATS College, would complete unit training and expected to be validated by April 2015.

The Board noted the position.

4.4 Regulatory Report

VORs

Mr Lyon confirmed that the issue was now becoming time critical and that he had yet to receive a response from NATS following his letter to them at the end of January highlighting his concerns over the NERL rollout programme. Mr Lyon would escalate his concerns within NATS as soon as possible.

(Redacted under FOISA Section 33 (1)b)

The Board noted the position.

4.5 Better Regulation for Security

Discussed under item 4.6.

4.6 Airport Management Services Ltd (AMSL) - Verbal Update

Below is an extract from the minutes of the AMSL board meeting held earlier that day:

Item 4 – Corporate

4.1 Airport Management Services Ltd (AMSL) Report

The Chairman began by providing a brief background to AMSL for Ms Jack and Mr McLaughlin.

(Redacted under FOISA Section 33 (1)b)

Since 2009, HIAL had taken the management of its security in-house, creating a subsidiary company, Airport Management Services Ltd. HIAL had since invested a significant amount of time and resource in the training and development of its security staff, thus reducing turnover rates and creating a stable and rewarding environment to work in. The Company had also enjoyed a significant improvement in covert test results and most recently, appointed Airport Security Managers at each airport to provide staff with local line management.

AMSL Pay Remit

(Redacted under FOISA Section 33 (1)b)

Ms Jack questioned the trade union history in terms of AMSL. Mr Lyon advised that the union had carried out strike action 3 years ago but now held a reasonable understanding of the Company's position.

(Redacted under FOISA Section 33 (1)b)

The Board noted the position.

Item 5 – Finance and Legal

5.1 Monthly Accounts

Ms Bruton confirmed that the total operating loss position was over budget by £123k by the end of February. The major variance was due to the pay award totalling circa £180k resulting in payroll costs being over budget by £146k.

The Board noted the position.

4.7 Environmental Management System

The Board noted the position.

Item 5 – Business

5.1 Commercial Report

Route Development

(Redacted under FOISA Section 33 (1)b)

Oil and Gas Activity

Mr Lyon noted that activity at both Wick and Sumburgh Airports had increased dramatically thanks to growth in oil and gas business. **(Redacted under FOISA Section 33 (1)b)**

In terms of Sumburgh, Mr Lyon believed that the airport provided an ideal location for the oil companies for the following reasons: neighbouring Scatsta Airport was at capacity and unable to take on new business; Sumburgh provided an easier to reach location in bad weather conditions; further oil exploration bases were being developed in the area and finally, oil companies were now looking to de-risk their flights to the rigs, i.e. using fixed wing aircraft from Aberdeen to Sumburgh followed by a short helicopter flight onto the rigs.

(Redacted under FOISA Section 33 (1)b)

Search and Rescue

Mr Lyon spoke of the new search and rescue (SAR) facility being built at Inverness. **(Redacted under FOISA Section 33 (1)b)**

The Board noted the position.

5.2 Media & Public Affairs Report

The Board noted the position.

5.3 Inverness Airport Business Park

Mr Lyon provided a brief background to the involvement of HIAL in the business park development. He confirmed that although it had taken some time to progress the development of the park, following the arrival of Bond Offshore Helicopters onto the site, Bristow Helicopters had now begun building a base

(see above) and there were a number of other potential clients in the pipeline. In the longer term, it was hoped a hotel would be developed on the site once more tenants had been confirmed.

The Board noted the position.

5.4 Sumburgh Airport

The Board noted the position.

5.5 Flybe Inverness

The Board noted the position.

Item 6 – Finance and Legal

6.1 Monthly Accounts to the end of January

Ms Bruton confirmed that the March year end accounts would be circulated shortly.

(Redacted under FOISA Section 33 (1)b)

The Board noted the position.

6.2 Insurance Renewal

The Board was content with the level of cover, understanding that self-insurance would be undertaken only when absolutely necessary as Mr Lyon explained that the savings generated by self-insurance would be comparatively small.

The Board noted the position.

Item 7 – Human Resources

7.1 HIAL Pension Scheme

Mr Lyon advised that the recruitment process for a new pension scheme trustee was ongoing.

(Redacted under FOISA Section 33 (1)b)

The Board noted the position.

7.2 AMSL Auto Enrolment Scheme

Mr Lyon commented that the details of both the auto enrolment and enhanced options for an AMSL pension scheme had been circulated to staff and that feedback thus far had been positive. A good level of interest in the enhanced option had been shown. Mr Lyon confirmed that the scheme would be used for around 20 existing HIAL members of staff and any new AMSL staff going forward.

The Board noted the position.

Item 8 – Any Other Business

8.1 Corporate ROG Meeting Dates

Ms Jack and Mr Savile indicated their availability to attend a ROG meeting however the dates would be checked and recirculated by Mrs Adams once confirmed with the operations team.

8.2 The Fresson Trust

The Chairman confirmed that the Fresson Trust would be holding an event at Wick Airport on 16th May to unveil a painting by the late Edmund Miller. The event was part of a calendar of events held by the Fresson Trust to raise awareness of the charity which was set up in 1991 in memory of Captain Ernest Edmund Fresson, with the aim of furthering the knowledge of aviation – past, present and future. The Trust also offers financial assistance to those aspiring to careers in aviation, particularly prospective pilots, engineers and air traffic controllers.

8.3 Electronic Board Paper Distribution

Mrs Adams would revisit the options for an online portal to use for board paper circulation going forward. It was noted that Boardpad was potentially a costly solution so alternatives would be investigated.

Item 9 – Date of Next Meeting

The next meeting will be held on 20th May 2014, at Head Office, Inverness.

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