

**MINUTES OF THE 209TH MEETING OF HIGHLANDS & ISLANDS AIRPORTS LTD (“HIAL”)
BOARD HELD AT THE GLEN MORISTON TOWNHOUSE HOTEL, INVERNESS, ON 25TH
FEBRUARY 2014 AT 10:00**

Present	Mr Grenville Johnston	Chairman
	Mr Inglis Lyon	Managing Director
	Ms Gillian Bruton	Finance Director
	Dr Michael Cantlay	Non-Executive Director
	Mr Andrew Castell	Non-Executive Director
	Mr David Savile	Non-Executive Director
	Mr Tim Whittome	Non-Executive Director
In Attendance	Mr John Nicholls	Representing the Scottish Government
	Mr Mark Stuart	Director of Operations
	Mrs Megan Westmoreland	Minutes

Item 1 – Apologies

No apologies were received.

Item 2 – Minutes of the Previous Meeting

With minor amends, the minutes were accepted as a true reflection of the meeting held on 14th January 2014.

Item 3 – Matters Arising from the Minutes

The Chairman informed the Board that he had attended the ROG the previous week.

Item 4 – Corporate

4.1 Risk Management

Sumburgh Incident

Mr Stuart informed the Board that the AAIB had been happy with the response from HIAL and that the CAA were also more positive than previously. In response to a question from Mr Savile, Mr Stuart confirmed that the TOAB slipway will extend far enough to launch in all tidal conditions – the surveyors are finalising the report and recommended length. Mr Nicholls queried the cost and Mr Stuart confirmed it had not been budgeted for. Mr Savile queried the protocol and expectations of staff; Mr Lyon noted that HIAL had begun work with the Coastguard agency who have been impressed with HIAL’s training provision and that the general water-based rescue provision is being reviewed. He highlighted that a new lifeboat had been launched by RNLI (at a cost of £1 million) and this would be the ‘highest standard’ against which HIAL would assess their current provision and therefore risk. Mr Castell suggested informing oil and gas companies what HIAL can provide and that the RNLI lifeboat is available, therefore they could purchase this for their own additional cover. Mr Savile asked whether the current protocol for staff is clear and Mr Lyon confirmed this to be the case – as the secondary responder, up to 1,000 m is deemed safe, and protocol states not to go beyond this; regardless, HIAL island staff are experienced sea-craft mariners and will go beyond the stated safe distance.

Stornoway ATCs

(Redacted under FOISA Section 33 (1)b)

Wick Hangar

The Chairman asked if any progress had been made with the farmer who owns the hangar; Mr Lyon suggested netting as a possible solution. Mr Stuart responded that the Council had met last week to discuss the issue and that feedback was due imminently.

The Board noted the position.

4.2 Safety Management

Safety Incidents

Mr Stuart noted that the number of incidents was higher than last year due primarily to increased reporting of incidents; many were third party. He noted that bird strikes are still a significant risk which is being constantly addressed by all airports.

The Board noted the position.

4.3 Operational Report

Fire appliances

Mr Stuart commented that minor issues with the new appliances had not been picked up by Iturri prior to delivery, and issues that had been picked up were not necessarily being fed back into the FAT process – Iturri are sending an engineer on-site to fix these issues and HIAL had with-held payment until then. Iturri will be coming to Inverness to meet with Mr Lyon and Mr Stuart.

[Post meeting note – scheduled for 11 March.]

The Board noted the position.

4.4 Regulatory Report

VORs

(Redacted under FOISA Section 33 (1)b)

The Board noted the position.

4.5 Better Regulation for Security

(Redacted under FOISA Section 33 (1)b)

The Board noted the position.

4.6 Airport Management Services Ltd (AMSL) - Verbal Update

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

Item 4 – Corporate

4.1 Airport Management Services Ltd (AMSL) Report

Alternative security measures

REDACTED VERSION

Mr Stuart informed the Board that HIAL are meeting Loganair on 3 March. Since scheduling this meeting a request had been received from the DfT for information on the position regarding ASMs – this request cannot be fulfilled until after the meeting with Loganair. Mr Stuart noted that HIAL are also waiting for a response from the DfT regarding giving clearance to staff outwith NASP e.g. passes and other procedures.

Covert Testing

Mr Stuart noted that he is meeting with the Security Manager on 5 March and will then agree the number of tests required for the coming year, to make sure the number is both proportionate to the previous DfT tests and appropriate for requirements. A current pass rate of 83% is particularly good given that the items being used during the covert testing are far more realistic than previously. (Redacted under FOISA Section 33 (1)b)

The Board noted the position.

Item 5 – Finance and Legal

5.1 Monthly Accounts

Ms Bruton commented that all is on track and she highlighted that the new pay remit had been submitted to Transport Scotland at the end of January. Mr Lyon queried the progress of the remit especially given the cost of secondments at Sumburgh, and Mr Nicholls replied that he would chase it up. Ms Bruton replied that Geoff Owens had responded with queries, particularly over the pay harmonisation. (Redacted under FOISA Section 33 (1)b)

Mr Savile commented it is important to avoid becoming a training ground for other operators; Mr Lyon and Mr Stuart confirmed that although most firefighter training is in-house, off-site training costs £9k per person.

Mr Whittome requested that a forecast column be added to the monthly accounting figures and Ms Bruton agreed.

The Board noted the position.

4.7 Environmental Management System

The Board noted the position.

Item 5 – Business

5.1 Commercial Update

Scottish Water Building

(Redacted under FOISA Section 33 (1)b)

Sumburgh oil and gas

(Redacted under FOISA Section 33 (1)b)

5.2 Media & Public Affairs Report

Single engine proposals

(Redacted under FOISA Section 33 (1)b)

5.3 Inverness Airport Business Park

Mr Lyon commented that the rail halt which had been planned for 2017 might now be brought forward to 2015 – IABP land will be used to create a car park and customers could either walk 30 minutes to the terminal or use a shuttle bus, funding for which had yet to be allocated.

Mr Castell commented that the Scottish Government's Renewable Energy Investment Fund is still available and that the IABP could seek to access this funding.

The Board noted the position.

5.4 Sumburgh Terminal Project

Mr Lyon noted that the terminal is scheduled for completion by 1 September 2014. **(Redacted under FOISA Section 33 (1)b)**

5.5 South-East Access

Mr Lyon noted he had again requested Howard Davies to visit the Highlands via road or rail, and had asked Danny Alexander to assist in so doing.

(Redacted under FOISA Section 33 (1)b)

Mr Savile noted that Flybe's financial position is much improved and the risk of collapse has decreased. He noted his support for a daily double to Amsterdam, and also highlighted Northolt Airport as another possible option, with the concession that it would be a difficult sell to the public. Dr Cantlay commented that although London is important, another alternative is also essential in the near future, especially as easyJet will increase their prices – he noted that the three hubs are all good options for Flybe and commented that international visitors to Scotland do not tend to come through London. **(Redacted under FOISA Section 33 (1)b)**

The Board noted the position.

Item 6 – Finance and Legal

6.1 Monthly Accounts to the end of January

Ms Bruton noted that she had been discussing cash and capital for the remainder of the year with colleagues at Transport Scotland. Due to the delay on the Sumburgh runway, there is £3 million 'spare' - Transport Scotland have given permission for £500k of this to be spent on other projects this year. Additionally, the de-icer budget will not be spent, therefore additional maintenance projects which are required have been prioritised. Ms Bruton also commented that income at Sumburgh has also improved, and CityJet subsidies are lower than expected – all in all, about £700k additional funds. Mr Lyon noted that this is a good position to be in – income at both Wick and Sumburgh covered the CityJet subsidies without any additional recourse to Transport Scotland being necessary.

The Board noted the position.

6.2 Budget 2014/15

Ms Bruton informed the Board that the Finance and Operations teams had put a lot of time and effort into the budget; she noted two key income reductions at Inverness - the loss of the Flybe route to Gatwick, and **(Redacted under FOISA Section 33 (1)b)** – both of which have been compensated for by Transport Scotland. The total budget from Transport Scotland for 2014/15 is £19.9 million (which includes a cushion of £300k), plus an additional £500k to fund AMSL harmonisation.

Ms Bruton also noted that the pay remits for AMSL and HIAL are currently being considered by Transport Scotland, and that harmonisation is also progressing. She noted that the budget included 11.5 additional positions at Sumburgh. She noted that of the £7 million capital in the budget, the £3 million underspend from this year is expected to come out of this; Transport Scotland are looking to see if any additional budget can be given to cover the short fall.

Mr Nicholls asked whether the relationship with Transport Scotland had improved and Ms Bruton confirmed that it had. **(Redacted under FOISA Section 33 (1)b)**

Mr Lyon commented that Ms Bruton had done a superb job at improving the relationship.

Mr Nicholls commented that the HIAL pay remit could prove problematic with Prestwick now coming under Transport Scotland - the Unions could raise issues.

The Board noted the position.

6.3 Sumburgh Runway 09/27 Repairs (Redacted under FOISA Section 33 (1)b)

Item 7 – Human Resources

7.1 HIAL Pension Scheme

Mr Lyon commented that the DC scheme is progressing and will be in place across the Board by the end of April.

(Redacted under FOISA Section 33 (1)b)

The Board noted the position.

Item 8 – Date of Next Meeting

The next meeting will be held on 8th April 2014, at Stornoway Airport.

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