

**MINUTES OF THE 212TH MEETING OF HIGHLANDS & ISLANDS AIRPORTS LTD (“HIAL”)
BOARD HELD AT THE DARK ISLAND HOTEL, BENBECULA ON 2ND JULY 2014 AT 9.15AM**

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 John Nicholls Mr Mark Stuart Mrs Kirsteen Adams	Representing the Scottish Government Director of Operations Minutes

Item 1 – Apologies

There were no apologies.

Item 2 – Minutes of the Previous Meeting

Subject to some amendments and redactions, the minutes of 20th May 2014 were accepted as a true reflection of the meeting.

The redacted minutes from the meeting held on 20th May 2014 were also approved.

Item 3 – Matters Arising from the Minutes

Loganair – passenger boarding at Inverness

With reference to a discussion at the last board meeting, Mr Whittome asked whether Mr Lyon had spoken to Loganair regarding the possibility of boarding passengers at Inverness on its flights between Kirkwall / Sumburgh and the central belt. Mr Lyon had raised the matter but advised that this was not currently a priority for the airline although Loganair had said it would look at in the future.

Item 4 – Corporate

4.1 Risk Management

Risk Oversight Group Meetings

(Redacted under FOISA Section 33 (1)b).

Stornoway Air Traffic Services

(Redacted under FOISA Section 33 (1)b).

Sumburgh Airport

(Redacted under FOISA Section 33 (1)b).

Mr Lyon noted that there would potentially be a number of good news stories at the airport in the coming months and it was important to keep the Minister informed of what was happening.

Mr Nicholls confirmed that he and Gary Cox would be visiting the airport later in the month.

The Board noted the position.

4.2 Safety Management

Safety Incident Review Board Meeting

(Redacted under FOISA Section 33 (1)b).

4.3 Operational Report

Fire appliances

The Chairman noted that the Board had met with AFS staff in Stornoway following the last board meeting and had been shown one of the new fire appliances. He praised HIAL's stringent site acceptance programme and also that Sarah Merriman, the Business Support Manager had negotiated a no payment clause until site acceptance had been cleared.

Remote Air Traffic Control Services

Mr Savile advised that he had recently carried out some research into remote air traffic control services whereby one main air traffic control tower provides a service to units elsewhere. He wondered whether this would be worth considering for HIAL. Mr Stuart confirmed that some of the team had travelled to Sweden to view this kind of system in operation and that this would certainly be an option for consideration in the longer term. He noted that superfast broadband would certainly be a requirement but that this was due to be installed throughout the islands in the next few years.

The Chairman asked how the system would work in practice and Mr Savile advised that the report he had read stated that one controller could potentially control 5 units. Mr Stuart confirmed HIAL's next meeting with NATS was on 7th and 8th July and he would use this meeting to bring forward these discussions.

The Board noted the position.

4.4 Regulatory Report

VORs

Mr Stuart confirmed that progress was beginning to be made and that the existing VORs for Campbeltown, Benbecula and Inverness would be maintained up until 2017 which provided time to source replacements. Mr Stuart confirmed that the annual cost of keeping the VORs operational was £30k. This would form part of the discussions with NATS on 7th/8th July.

The Board noted the position.

4.5 Environmental Management Systems

The Board noted the position.

Item 5 – Business

5.1 Commercial Report

Oil and Gas Activity

With regard to the increase in traffic at Sumburgh, largely through the oil and gas sector, Mr McLaughlin asked whether the necessary infrastructure was in place to deal with the increasing activity. It was also discussed that accommodation on the island was key to ensuring Sumburgh Airport could manage the increase in oil and gas traffic and that the proposal for a modular type hotel would be beneficial.

The Board noted the position.

5.2 Media & Public Affairs Report

Transport Scotland Awards

The Chairman noted that he had attended the recent Transport Scotland Awards suggesting that HIAL should enter the airport category going forward. Mr Lyon confirmed that HIAL was pulling together a small team to investigate further.

Our Islands Our Future

Mr Nicholls noted that a new islands transport forum would be created and more information can be found at these links:

<http://www.orkney.gov.uk/Council/C/our-islands-our-future.htm>

<http://www.scotland.gov.uk/Publications/2014/06/2708>

The Board noted the position.

5.3 Inverness Airport Business Park

Business Development Manager

Mr Lyon confirmed that a BDM had been successfully appointed and would attend the next IABP board meeting on 8th August.

Site development

(Redacted under FOISA Section 33 (1)b).

The Board noted the position.

5.4 Sumburgh Airport

Infrastructure Projects

Mr Lyon confirmed that both the hangars at Sumburgh were now being let to Bristows and Bond.

He was hopeful that the terminal building works would be completed by the end of September. He indicated there were further costs required to cover neglect and disrepair. He would bring these to the next board meeting.

The ToabsGeo slipway was being progressed and would hopefully be complete by the end of September / beginning of October.

The Board noted the position.

Item 6 – Finance and Legal

6.1 Management Accounts for May 2014

Budgets

Ms Bruton confirmed that the Company was working towards a total budget of £19.9m. With regards to the capital budget, Ms Bruton was awaiting confirmation from Transport Scotland that HIAL could move beyond £7m. **(Redacted under FOISA Section 33 (1)b).**

Cash Reserves

Ms Bruton confirmed that £1m in cash reserves had been banked, bringing the total amount to circa £3m. She advised that cash reserve amounts were being monitored closely and on a regular basis as £3m was at the lower end of the scale in terms of reserve levels. However, she had not encountered any issues thus far when submitting cash requests to Transport Scotland.

Audit

Ms Bruton confirmed that the majority of the audit work had been completed and no issues had been raised thus far however Ms Bruton was still to have a debrief meeting with the auditors.

The Board noted that the finance team had completed a significant amount of work during the audit programme whilst managing the transitional process between HIAL and CMAL.

Maternity Cover

Ms Bruton confirmed that Iain Thain would begin on 17th July to start the handover process from Tracy Richmond who was due to go on maternity leave in August.

The Board noted the position.

6.2 Glasgow PSO Replacement Aircraft (Redacted under FOISA Section 33 (1)b).

The Board noted the position.

Item 7 – Human Resources

7.1 HIAL Pension Scheme

(Redacted under FOISA Section 33 (1)b).

Finances and Funding

Ms Bruton noted that these related to the year 2013/14 and not 2012/13 as stated in the paper.

The Board noted the position.

Item 8 – Any Other Business

8.1 Board Strategy Day

It was agreed that a strategy day would be scheduled in the next few months and Mrs Adams would contact board members to organise. Mr Savile suggested that Transport Scotland provide a framework for the day.

8.2 Unmanned Aerial Vehicles

Mr Whittome advised that these were now becoming much more prevalent and their potential impact on ATC should be discussed at the next board meeting.

The Board noted the position.

Item 9 – Date of Next Meeting

The next meeting will be held on 13th August 2014 at the Tiree Lodge Hotel.

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