

Programme Coordination Board - Meeting 15 Minutes

12th March 2018 15:00-17:00

Expansion Room, Compass Centre, HAL

Members	Additional Attendees
██████████ (Chair) - Independent	██████████ – DfT
Emma Gilthorpe - HAL	██████████ – DfT
Rupesh Mehta – DfT	██████████ - CAA
██████████ – HAL	██████████ - DfT
██████████ – CAA	██████████ – DfT
██████████ - HAL	██████████ – HE (item M25 only)
Caroline Low -DfT	██████████ – DfT (item M25 only)
	██████████ – IPA
	██████████ – HAL (item M25 only)
	██████████ ██████████ – HAL (item Air Quality only)
Apologies: ██████████	Jack Goodwin

1.0 Minutes and Actions

- 1.1 ██████████ welcomed everyone to the meeting.
- 1.2 Minutes of the Programme Coordination Board (PCB) meeting held on 12 February 2018 were agreed by the Board.
- 1.3 The outstanding actions were discussed by the board and the action log was updated accordingly.

2.0 Update from working groups

- 2.1 ██████████ took PCB members through the working group updates from the previous month.

3.0 Update on current events

- 3.1 Both DfT and HAL summarised their thoughts on the TSC and their line of questioning. DfT confirmed that they expected to receive the final TSC report before the end of the month.
- 3.2 ██████████ provided an update on the IPA Routemaps process. The IPA have now produced an interim report on current governance processes and suggestions for governance arrangements post designation, in the event that the revised draft NPS is designated in its current form. The next step is for HAL and DfT to jointly scope out and agree the high level governance arrangements for insertion into the RFD.
- 3.3 HAL/DfT provided an update on the NPS dependencies. Key points were as follows:
 - 3.3.1 **Funding and Finance:** Rothschild, DfT's financial advisors, had a productive meeting with John Holland Kaye last week to update him on the status of the financing checks. Rothschild are content with progress made in relation to financing checks and want this level of engagement to continue. Although timing remains tight.

- 3.3.2 **Programme and Delivery Plans:** HAL have provided DfT with their construction deliverability report, on which DfT will be basing their assurance review of HAL's programme and delivery plans. CL stated that this report looked to be based upon the original Airports Commission masterplan, rather than being HAL's current preferred masterplan. ■■■ responded, stating that HAL do not yet have a worked-up preferred masterplan option, as this will be developed after HAL have considered responses to both Con 1 and Con 2. HAL have therefore made various assumptions in order to develop an indicative masterplan. ■■■ confirmed that there would be no significant differences between masterplans from a construction point of view as all options would result in the same construction timeline. HAL/DfT have a meeting on 13 March to go through the construction deliverability report in more detail. DfT confirmed that there must be consistency across options received in all products.
- 3.3.3 **RFD:** HAL are currently considering the draft Relationship Framework Document (RFD) they received on 9 February. HAL will be sending a marked-up version of the document to DfT shortly and confirmed that there were no areas of significant contention.
- 3.3.4 **Blight:** ■■■ stated that HAL provided a marked-up blight contract to DfT, which was subsequently withdrawn. DfT are now awaiting a new mark up. EG confirmed that the DfT should continue to review the marked-up contract sent to them; however HAL were carrying out further work on the original draft.
- 3.4 ■■■ provided an update on S.16. The CAA have now sent their February update report to DfT. The report sets out a requirement for consumers' views to be better represented in the expansion process as HAL formulates its preferred masterplan and recognises that governance arrangements in HAL's relationship with airlines have improved.
- 3.5 EG updated the board on Consultation One ("Con 1"). HAL held their final consultation event on 12 March, with the consultation closing on 28 March. HAL have so far received 2,500 consultation responses, 5,000 attendees at consultation events and 30,000 visitors to their website.

4.0 Dashboard/Forward Look

- 4.1 PCB members were content with the Dashboard and Forward Look and made the following comments:
- 4.1.1 ■■■ requested that point 5 of the Headlines/Key Achievements section of the Dashboard was redrafted. The CAA are unable to endorse HAL's approach to airspace development as it is not in their powers to do so.
- 4.1.2 On the Forward Look, CL suggested inserting a substantive update on the IPA Routemaps workstream before June.

5.0 Air Quality Update

5.1 [REDACTED] presented DfT's slides on air quality. This was a factual presentation based on current publicly released information on the Government's approach to Air Quality. The DfT are currently considering consultation responses to the revised draft airports NPS, so [REDACTED] confirmed that this presentation was made without prejudice to the content of any final NPS.

Key points were as follows:

- 5.1.1 The main air pollutant of concern for legal compliance is Nitrogen Dioxide. The UK is currently failing to comply with the limits set by the EU Ambient Air Quality Directive 2008.
- 5.1.2 Government updated their air quality analysis in October 2017 to assess the impact of Government's 2017 air quality plan and their updated aviation demand forecasts on the Heathrow North West Runway (NWR) scheme's compliance with air quality limits. This demonstrated that the NWR scheme can be delivered whilst complying with legal air quality limits.
- 5.1.3 DfT's assessment of the impacts of the NWR scheme is conservative. It is based on a high aviation demand scenario and does not take into account measures which the promoter could take to further mitigate emissions.
- 5.1.4 The revised draft Airports National Policy Statement makes it clear that development consent would only be granted if, with mitigation, the Secretary of State is satisfied that the scheme would comply with legal obligations on air quality.
- 5.1.5 [REDACTED] then presented an update on HAL's proposed air quality mitigation measures. Key points were as follows:
- 5.1.6 HAL are considering both EU limit values and local air quality objectives in their air quality strategy. Local air quality objectives are not a legal requirement but are a priority for Local Authorities. In terms of EU limit values, analysis undertaken shows that the airport's direct contribution to air quality (traffic coming to the airport and airport's operational emissions, but not background traffic) will not delay or cause non-compliance with the UK's legal air quality obligations.
- 5.1.7 HAL provided a triple lock guarantee on air quality to the Environmental Audit Committee in November 2015, which guarantees that expansion will be delivered in accordance with the UK's legal air quality obligations. One of these guarantees states that new capacity at an expanded airport will only be released when it is clear that the airport's contribution to air quality will not cause non-compliance with the UK's legal air quality obligations.
- 5.1.8 HAL also believe that the DfT's previous air quality analysis is conservative as it is based on high passenger demand forecasts, doesn't account for the full suite of available mitigation and assumes a consistent diesel/petrol mix within future vehicle fleets.

- 5.1.9 HAL are currently scoping out their air quality mitigation priorities through extensive work modelling contributions of emission sources to relevant pollutant concentrations in local areas surrounding the airport. Hillingdon and Hayes monitoring stations are the only local sites outside of the airport boundary which currently have Nitrogen Dioxide levels which are above legal limits. This is predominantly due to non-airport related traffic, which is consistently the dominant emission source at receptor locations.
- 5.1.10 HAL aim to mitigate road traffic emissions through linking their air quality mitigation measures to their surface access strategy. It is anticipated that this will initially be through emissions based charging. Post 2030, due to reducing vehicle emissions and an improved air quality baseline, a scheme which would drive vehicle reductions is likely to become an increasing priority as passenger growth continues.
- 5.1.11 HAL are confident as to their ability to manage and mitigate potential impacts of emissions during construction. Mitigations include abiding by a stringent code of construction practice, transporting materials by rail, utilising construction logistics hubs and effective traffic management.
- 5.1.12 HAL are currently using their updated air quality mitigation strategy to update their air quality modelling, alongside the supporting transport model.
- 5.1.13 HAL will utilise feedback from Con 1 to refine both their surface access strategy and their approach to air quality. This will then be reflected in the next stage of modelling and analysis and will feed into further development of the strategy which will involve more specific mitigation proposals. These will be developed further and incorporated into the Environmental Impact Assessment which will be consulted on through Con 2.
- 5.1.14 EG felt that it would be important for HAL to understand government plans for air quality going forward.
- 5.1.15 CL queried as to how HAL will ensure that their air quality modelling is up to date and accurate. ■■■ responded, saying that Heathrow have numerous real time air quality monitoring stations and monitoring around the airport allowing for appropriate verification. The EIA will utilise the latest available data at the time of the assessment.
- 5.1.16 ■■■ thanked DfT and HAL for their presentations.

6.0 M25 Heads of Terms update

- 6.1 ■■■ and ■■■ presented a joint presentation on progress made in reaching a HAL/HE Heads of Terms Agreement for the M25 works required as part of expansion. Key points were as follows:

- 6.1.1 HAL are currently consulting on alignment options for the M25 through Con 1. Their current thinking is to re-position the M25 carriageway 150 metres to the west, lower it by 7 metres into a tunnel and raise the runway by 3 to 5 metres so that it passes over the M25 between J14a and J15. The motorway will then re-join its current route.
- 6.1.2 The expansion of the airport and realignment of the M25 will mean that HAL have to make alterations to Junction 14 and Junction 14a. HAL are considering two families of options for these junctions. The first would be for both Junction 14 and 14a to be retained (with alterations to accommodate displaced traffic and maintain connections) and the second is to close Junction 14a permanently and develop Junction 14 to account for this.
- 6.1.3 CL noted that HAL's proposed benefits of collector-distributor roads published in Con 1 are not necessarily agreed with by the Department, which HAL accepted.
- 6.1.4 Engagement to date between HE and HAL has been productive. This is facilitated through a governance structure consisting of a monthly HE/HAL steering group as well as various technical working groups (dealing with issues such as air quality and modelling). An agreed Memorandum of Understanding (MoU) governs engagement and behaviours throughout both organisations.
- 6.1.5 HAL and HE are now working to develop Commercial Heads of Terms and supporting cost principles by the end of April 2018. These will then feed into the overarching framework agreement which is due to be completed by September 2018.
- 6.1.6 ■■■ enquired as to whether the HE/HAL relationship was structured similarly to a typical construction/client relationship. ■■■ confirmed the relationship was slightly different and was based on a standard HE agreement, which is an agreement between the asset owner (HE) and the developer (HAL), allowing the developer to construct on the asset owners network.
- 6.1.7 HE/HAL acknowledge that there are two main issues which currently need to be resolved. Firstly, HAL's contribution to safeguarding for future growth/betterment is still to be agreed. ■■■ confirmed this will come down to how the safeguarding approach is defined. Both HE and HAL agreed that constructive progress is being made in discussions.
- 6.1.8 Secondly, discussions are ongoing as to the term of the commuted sum. Standard HE policy is for the developer to be responsible for maintaining the asset for 60 years after construction. HAL are clarifying the CAA's position on this in terms of cost recovery, but currently feel that there is too much variability to commit to this and that the 60 year commuted sum needs to be properly quantified before it can be agreed. Both HAL

and HE agreed that discussions in relation to the commuted sum are progressing well.

6.1.9 [REDACTED] asked who appoints the construction companies to carry out the works required to the M25. [REDACTED] confirmed that discussions were ongoing in this regard, but current thinking is that HAL would appoint construction contractors who would then deliver to HE standards. The M25 works are part of the critical path for expansion and so HAL feel they need to own the delivery mechanism.

6.1.10 CL emphasised the importance of the positive relationship between HAL/HE and acknowledged that HE would be the primary party involved in this, but that the DfT will need to be kept informed due to the criticality of the M25 works to the expansion programme. CL also reiterated that it would be for the CAA to set the policy on how the commuted sum should be treated and that HAL/HE should be engaging with them on this.

6.1.11 [REDACTED] thanked HAL/HE for their presentation and suggested that [REDACTED] and [REDACTED] be invited to PCB periodically to provide updates.

7.0 AOB

7.1 There was no AOB to discuss.