

## Programme Coordination Board – Meeting 6 Minutes

08 June | 09.00-11.00

GMH, London

Members	Additional Attendees
██████████ - Independent	██████████ – DfT
Caroline Low (CL) – DfT	██████████ (Secretariat) – DfT
Ros Smith-Reid (RSR) – DfT	██████████ - DfT
Emma Gilthorpe (EG) – HAL	██████████ - DfT
██████████ – HAL	██████████ - HAL
██████████ – CAA	██████████ – HAL
	██████████ – HAL
	██████████ - CAA
Apologies: ██████████	

### 1.0 Minutes and Actions – 10<sup>th</sup> May

- 1.1 ██████████ welcomed everyone to the meeting.
- 1.2 Minutes and actions from previous meeting were agreed.

### 2.0 Update on current events

- 2.1 ██████████ noted that there was no written update from working groups this month. Surface Access and Airspace were both covered in the agenda so a brief update was requested from ██████████ about the Economic Regulation Update Group (ERUG) and ██████████ about Airlines.
  - 2.1.1 ERUG has not met since last PCB so there is not much to update other than a slight change in personnel (██████████ replaces ██████████). ERUG meets roughly every 2 months but moving forward will try and adjust the meeting cycle to be able to feed in to PCB.
  - 2.1.2 DfT recently attended HAL's latest airline immersion session where DfT reiterated the rationale on runway length and listened to the airlines views on all matters relating to expansion.
- 2.2 ██████████ noted that since PCB last met, there has been a request from the airlines to join the PCB and welcomed discussion from all members on whether this was deemed appropriate. All parties agreed and noted that the airlines were a key stakeholder and should be engaged/involved in the programme governance. HAL noted that they felt the airlines were currently engaged in all the key processes at HAL and that they have an obligation to involve airlines in capital expenditure discussions which is currently done through the Options Steering Group. ██████████  
 ██████████. CL noted the importance of engaging airlines as well as community representatives as they are also a key stakeholder. The board reached a broad consensus that the PCB was not the right forum for airlines however a forum was needed that engaged both the airlines and communities and focused more closely on aligning needs. ██████████ noted that one option was to potentially increase representation at the Joint Expansion Board and that senior bilaterals between DfT and airlines may also be a useful forum to establish.

**ACTION 170608/01** – HAL to provide one page outlining points relating to planning law and consultations (i.e. involving consultees)

**ACTION 170608/02** – HAL to consider the ToR of the JEB and discuss suitable level of DfT and airline representation.

### 3.0 Airspace

- 3.1 ■ presented a paper on airspace and stated that HAL are seeking endorsement from PCB of the LTMA optimisation group. HAL noted that the SoS instructed NATS to undertake early engagement with airports regarding airspace but only above 7000ft and HAL believes an assessment below 7000ft also needs to be conducted.
- 3.2 HAL believe the engagement programme will allow airports to explore lower level changes, noting that it won't give full clarity but it will help narrow envelopes for DCO application.
- 3.3 ■ asked the board whether they had any questions on the paper:
- 3.3.1 ■ referenced paragraph 9 of the paper and asked for confirmation on who confirmed that airspace is not a future capacity constraint. ■ understood from NATS that this was still not fully understood. The PCB decided it would be beneficial to invite ■ to the next meeting to discuss the complexities and uncertainties in more detail. ■ noted that whilst airspace is currently constrained, this is thought to be down to the management and if a new approach to management is implemented, HAL believe that additional capacity can be accessed. Further to this ■ highlighted the importance of lower airspace changes needing to be agreed between airports as it impacts on local communities. ■ noted that NATS current plan is to do the work with other airports on a bi-lateral basis and not to form a group. This group could bring stakeholders together quicker and also potentially include airlines. ■ added to this that it's important to manage expectations, particularly with communities, therefore it would be beneficial for NATS to agree to the proposal first.
- 3.3.2 ■ noted that NATS are being asked to step up in places which they consider are not their role, and this was needed to cover gaps in the process.
- 3.4 ■ noted that in principle the PCB was ok to endorse the LTMA optimisation group but NATS would need to endorse the Terms of Reference and be on board with the idea. ■ added to this that the group shouldn't just be to facilitate Heathrow expansion but for all expansion and airspace change opportunities in the SE.
- 3.5 RSR questioned what HAL would be including in their airspace consultation later in the year. ■ explained that HAL would be consulting on the principles that inform the construct/build of airspace through a series of open questions.

**Action 170608/03** - ■ to invite ■ to the next PCB meeting

**Action 170608/04** - HAL to draft ToR for the LTMA optimisation group for review by PCB and discussion with NATS

**Action 170608/05** - Obtain definitive NATS view on whether airspace is a future capacity constraint (paragraph 9).

### 4.0 Programme Dashboard

- 4.1 ■ updated the board that there would be no dashboard this month as HAL need to align the sequencing of internal processes and PCB to ensure the dashboard is populated with the most up to date information. HAL will present an updated dashboard to PCB next month. RSR noted that DfT are happy to feed into the process if required.

**Action 170708/06** - HAL to present populated dashboard at the July PCB.

## 5.0 Issues Log

- 5.1 The board discussed the latest version of the issues log with ■ noting that in total there were 20 issues. The board noted that there were still a couple of tweaks to be made to the log and that the issues should be ordered chronologically. DfT and HAL took an action to have a further discussion about wording and provide an update to the next PCB.

**ACTION 170608/07** - HAL and DfT to update wording changes to issues log and order chronologically

## 6.0 Surface Access

- 6.1 ■ presented an updated paper on Surface Access to the board explaining that for the DCO application, HAL will need robust evidence and sufficient level of certainty around each of the schemes. There are uncertainties around the rail schemes so HAL are focusing on other schemes for DCO application as well as a longer term strategy.
- 6.2 ■ questioned whether HAL's assessment of the schemes took into account investment in terms of % towards mode share delivered as currently the rail schemes deliver a small % relative to cost. ■ followed this up by questioning which schemes deliver the most benefit per £ spent. ■ noted that this won't be done until the transport assessment, the first level of which should be completed by autumn. ■ suggested coming back to the board every 2 months and that in the next update they will aim to have worked up an evaluation framework which can be used for the transport assessment in the autumn. The PCB agreed to this approach.
- 6.3 ■ noted that DfT should keep progressing development around the major rail schemes. CL noted this and stated that DfT would like to see more explanation about how the rail schemes will work, how they will be delivered and how challenging the schemes are. This work will be done by Surface Access Steering Group and feed up into PCB.

**ACTION 170608/08** - HAL to outline evaluation framework which will be used to assess, prioritise and select the surface access schemes

**ACTION 170608/09** - HAL to provide more detail on how the different schemes affect the mode share targets, particularly with relation to bus and coach.

## 7.0 Finance Update

- 7.1 EG noted that HAL are looking to re-engage financial advisers and are looking to update and refresh their business case. As part of the H7 business planning, HAL will do a material update to the numbers including passenger numbers and to facilitate this they are having detailed conversations with airlines about passenger

and growth data. HAL expect to appoint advisers in September with the aim of having an updated business case by the end of the year.

- 7.2 RM suggested that HAL ensure they look at a wide range of scenarios including a WACC below 6% and flat real charges
- 7.3 CAA noted that they are meeting the HAL shareholders in July and CL noted that in the upcoming MPRG review, detail around financing approach will be required. DfT additionally noted that if HAL felt it would be useful for DfT to meet with investors they would be happy to.
- 7.4 When a DCO is submitted, additional finance information is required so MG suggested that HAL use programme milestones as 'dress rehearsals' to deliver this information, e.g. Consultation 1 and Consultation 2.
- 7.5 DfT explained that a due diligence test on finances would be needed before NPS designation and this was noted by the board.

## **8.0 HAL Con1**

- 8.1 [REDACTED] explained that HAL in Con1 will have 2 consultations, one on airspace and one on expansion. Con1 will use open questions to gain free flowing feedback and that there will be no swathes in the airspace consultation just principles. Con2 is expected to focus on the preferred scheme design.
- 8.2 The current planning assumption for Con1 is September 2017 and HAL have started to draft the relevant papers. RSR noted that DfT will want to prepare a submission to new ministers for their information so that they are aware of the consultation so it would be helpful to be kept updated especially around when publicity of the event will start. HAL are currently working on the assumption of starting the comms in mid-July if Con1 is in September.
- 8.3 EG suggested sharing the consultation questions with DfT when they have drafted them.
- 8.4 [REDACTED] noted that they are meeting with the community groups to discuss how they are going to review all the material and also discussing with the airlines to ensure they have sufficient time.
- 8.5 [REDACTED] noted that there might be some confusion from airlines about whether scope for new ideas need to come forward before Con1 and whether Con1 is ultimately the cut off point for airline engagement. HAL agreed to draft short note on what consultation meant so all parties could ensure the airlines were getting the same message.
- 8.6 [REDACTED] suggested a visit by PCB members to HAL to view mock up exhibition of consultation if appropriate and timings work.

**ACTION 170608/10** – HAL to draft note on what consultation means for airlines

## **9.0 HAL risks with mitigations/GE schedule**

- 9.1 [REDACTED] thanked HAL for producing its mitigated risk register, which was noted by PCB and now replaces the draft previously shared in March.
- 9.2 [REDACTED] presented 2 potential timelines, the latter of which shows a movement of the consent process closer to the next GE. HAL explained that they are intending to end up with a timeline that sits between the two presented and that involves taking some risks.

## **10.0 AOB**

- 10.1 RSR let the PCB know that the Airport Capacity Programme will be having an MPRG review in September and a PAR review in July which informs MPRG. DfT

have received a draft copy of the ToR and that the review will look at a range of topics including governance, risk and programme plans. DfT will discuss more in working level meetings with HAL.

10.2 EG raised the recent S.16 report, noting that HAL were disappointed with the outcome and would like to discuss process/timing etc. with CAA as well as including CAA in more detail. [REDACTED] confirmed with CAA that the S.16 report shouldn't be published until after the GE and new Ministers have been made aware of its findings. This was agreed by CAA.

10.3 EG noted that [REDACTED] would be leaving Heathrow.

10.4 Future agenda items included community engagement, scheduling, further discussion with NATS, Con1 and to have Section 16 updates as a standing item. Potentially also discuss Air Quality.

**ACTION 170608/11** – DfT to share ToR of PAR review with HAL once finalised.