

Programme Coordination Board - Meeting 13 Minutes**8th January 15:00-17:00****DfT, H6**

Members	Additional Attendees
██████████ (Chair) - Independent	██████████ (Secretariat) – DfT
Caroline Low – DfT	██████████ – DfT
Jack Goodwin – DfT	██████████ – DfT
Emma Gilthorpe - HAL	██████████ – HAL
Rupesh Mehta – DfT	██████████ - CAA
██████████ – HAL	
██████████ – CAA	
██████████ – DfT	
Apologies; ██████████	

1.0 Minutes and Actions

- 1.1 ██████████ welcomed everyone to the meeting.
- 1.2 Minutes of the Programme Coordination Board (PCB) meeting held on 11 December 2017 were agreed by the Board, subject to minor amendments.
- 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 JG confirmed that there were no substantial updates from working groups owing to the Christmas break.
 - 2.1.1 Following Action 171211/01 from December's PCB, DfT has reviewed governance around the various working groups to ensure that all parties are fully aligned on positions prior to PCB. Following this review, JG proposed setting up a conference call between working group leads the week prior to PCB. This call will aim to highlight current topics of interest and suggest issues worth escalating for discussion at PCB. PCB members agreed with this approach and that the first conference call should take place w/c 5 February.

ACTION 180103/01 - DfT to set up conference call with working group leads the week prior to each PCB.

3.0 Update on current events

- 3.1 CL confirmed that Government's further consultation on the Revised Draft Airports NPS closed on 19/12/17.
- 3.2 ██████████ provided an update on the S.16 workstream. CAA's next S.16 report is due in February 18, with the final report due in April 18. ██████████ confirmed that HAL has made progress in their engagement with airlines through the cost/benefits working group. HAL has now shared for comment an executive

summary of a draft “joint statement” with airlines, the aim of which is to outline progress that has been made.

3.3 CL raised questions around S.16 as follows:

3.3.1 CL enquired as to whether HAL is considering using a contractual approach to facilitate commercial arrangements between HAL and airlines as opposed to economic regulation. ■ confirmed that the option would be for commercial contracts to be underpinned by regulation rather than these being two separate approaches. EG confirmed that HAL is open to considering alternative commercial arrangements which could sit alongside the regulatory system, however no decision will be made on this until HAL’s preferred masterplan has been finalised.

3.3.2 HAL asked the CAA what their obligations are in terms of engaging with developers putting forward alternative proposals for the delivery of any expansion. ■ confirmed that, when assessing efficiency, the CAA will consider HAL’s rationale for discounting alternative schemes and the justification for taking forward their final chosen scheme. This is to guard against inefficient expenditure and also a need for the regulator to understand why options have been discounted. ■ also said that it would be important for HAL to broadly define their supply chain in order to capture all entities who may want to work with HAL. ■ enquired as to whether HAL has considered structuring their options evaluation case in the same way as an Outline Business Case (OBC). EG confirmed that the existing regulation process requires a business plan approach. ■ reiterated that it would be worth utilising sections from a traditional 5 case business model in order to assist with structure.

3.3.3 ■ confirmed that progress on the production of HAL’s business plan should be included in the Dashboard.

ACTION: 180103/02 – HAL to include progress on the production of their business plan in the monthly Dashboard for PCB [and provide an update on structure, approach and timing at PCB in March]

3.4 CL confirmed that the Heathrow Strategic Planning Group (HSPG) had been in touch to request that she becomes the chair of their leadership board. CL felt it inappropriate to accept this request however she expressed a desire to work more closely with the HSPG. EG supported this approach and suggested that CL and John Holland Kaye attempt to coordinate attendance at HSPG going forward.

ACTION: 180103/03 – CL and JHK to coordinate attendance at HSPG going forward.

4.0 Dashboard/Forward Look

Airports NPS, which HAL confirmed reflects the need for additional associated development. HAL has engaged with potentially affected homeowners directly prior to launch and confirmed that these houses will be treated in the same way as those subject to statutory blight.

- The non inclusion of flight paths in the airspace documents of Con 1. HAL reiterated that their consultation documents make it clear they are engaging with communities on airspace principles at an early stage, with feedback being used to shape future flight paths.

5.1.9 PCB members thanked ■■■ for the update.

6.0 Consolidated consultation timeline

6.1 ■■■ thanked ■■■ for producing the consolidated consultation timeline and asked for PCB members to feed any comments to HW via email.

ACTION 180103/06- PCB members to feed comments on consolidated consultation timeline back to ■■■.

7.0 Update on NPS Dependencies

7.1 JG & ■■■ took the board through DfT and HAL's view on the NPS dependencies:

- 7.1.1 All bar one of the dependencies were given an amber or green rating from both HAL and the DfT.
- 7.1.2 The only area of disagreement was around the blight contract, which was given a red RAG rating from HAL and an amber RAG rating from DfT. HAL stated that they had given this dependency a red RAG rating as they had not yet had sight of a draft blight contract. EG confirmed that once HAL had a draft blight contract to review then they would reconsider the RAG rating. DfT informed HAL that they would endeavour to provide a draft blight contract to HAL by early February.
- 7.1.3 HAL/DfT agreed that the information each party had provided relating to NPS dependencies was consistent and accurate.
- 7.1.4 ■■■ stated that visibility on the financeability workstream was important and requested that the CAA be included in the coordination of the workstream Rothschild is leading. ■■■ confirmed that there was a meeting in the diary to discuss this imminently.
- 7.1.5 ■■■ confirmed that the NPS dependencies were "mission critical" and this should therefore be a standing item on the PCB agenda going forward.
- 7.1.6 EG suggested that NPS dependencies should also be a standing item at the weekly HAL/DfT catch ups.

ACTION 180103/07: NPS dependencies to be added as a standing item on the PCB agenda and at the weekly HAL/DfT catch ups.

8.0 Economic Regulation Timetable

8.1 [REDACTED] provided an update on the Economic Regulation Timetable. Key points were as follows:

- 8.1.1 CAA provided an overview of their December consultation. This consultation includes an update on alternative delivery mechanisms, the cost of capital, financeability and financial resilience, the regulatory treatment of early construction costs and the further extension of the existing Q6 price control.
- 8.1.2 CAA's April 2018 update on economic regulation will include an update on the regulatory framework, cost of capital and incentives and an initial assessment of affordability/financeability.
- 8.1.3 CAA's final S.16 report will encompass a review of HAL's engagement process with airlines covering both outputs of engagement and an assessment of the effectiveness of the engagement.
- 8.1.4 [REDACTED] enquired as to how the CAA will deal with uncertainty in their report, due to the work being based on provisional costs. [REDACTED] confirmed that the treatment of uncertainty/risk was part of the work which Arcadis had been commissioned to carry out. Additionally, CAA will be providing ranges, rather than point estimates in their reports.
- 8.1.5 [REDACTED] emphasised that airlines have informed the Department of their desire to extend S.16 beyond the current termination date of April 18, which DfT will need to consider. EG suggested that the Department should remain outside of any S16 replacement process and that the regulatory powers granted to the CAA should be sufficient. DfT/HAL agreed to have a further meeting on this.
- 8.1.6 CL enquired as to how the CAA's proposed work timetable aligns with the emerging policy on slots. [REDACTED] confirmed that there would be a consultation on this in Q3 of 2018, with the final strategy published in mid 2019. [REDACTED] asked to be kept updated in the event of any radical changes in this space, prior to publication of the strategy. The CAA also attend the slots working group where there would be updates on this workstream over the next few months.

ACTION 180103/08: DfT/HAL to meet to discuss the potential for an extension of the S.16 process.

9.0 AOB

- 9.1 [REDACTED] stated that [REDACTED] Head of Planning at TFL, has written to HAL asking for increased levels of engagement around their surface access strategy.
- 9.2 [REDACTED] confirmed that the schedule of meetings for PCB location have been reset and invites will be issued in due course.