



**Meeting of the Airports Commission
25th November 2013 – 10:00 – 16:00
Rm 6.02 Sanctuary Buildings**

Attendees:

Commission Members:

Sir Howard Davies – Chair
Professor Dame Julia King
Professor Ricky Burdett
Vivienne Cox
Sir John Armitt

Apologies:

None

Secretariat:

Phil Graham



1. Welcome

Howard Davies welcomed the Commissioners to the meeting. All members had been sent copies of the papers due to be discussed. Sensitive papers had been uploaded to the secure datasite.

The Chair asked all present to provide a verbal update on any changes to their register of interests of relevance to the meeting. Current registers were circulated for confirmation or changes (only change required was 2 removals from Julia King's register).

Vivienne Cox returned signed updated copies from changes noted at last meeting. John Armitt will send in signed hard copy to secretariat with his changes from last meeting.

2. Note of last meeting

The Commissioners were asked if they had any comments or corrections on the relevant notes of the last meetings on 11 and 18 November respectively - there were none.

3. Round up of stakeholder meetings attended

The Chair updated on recent discussions with:

HMG at Whitehall Liaison Group, Draft letter to Chancellor re Autumn Statement has been prepared and is likely to be sent out later in the week. (DN sent out on 27 November).

Shadow Transport Secretary, Mary Creagh - Affable meeting and likely to be non committal at interim report stage but generally supportive.

JA noted that following the publication of his review on major infrastructure in the UK a second phase of work was now on-going with the aim of producing a draft White Paper based on his report, which sets out in detail the policy, administrative and legislative steps necessary to establish and operate a National Infrastructure Commission.

First Minister and Minister for Economy, Science and Technology of the Welsh Assembly, a meeting which had been scheduled to take place before summer but due to lack of availability of First Minister had been put back until now. Noted that the Assembly had recently purchased Cardiff Airport and were keen to explore options for APD concessions. This is a discussion for the Assembly to have with DfT not the Commission.

Chair updated that he was going to meet with Secretary of State for Transport after the Commission meeting where he would outline the evidence for the decision that increased capacity in the south east was required and for a net increase of one runway. There would be no discussion on the actual, or indications towards, the short list for long term options at this stage. Chair is meeting with the PM and Chancellor on 9 December where at that stage he would be able to share more detail. Plan is to have a telephone call with Secretary of State for Transport before the afternoon meeting with PM.

Chair noted he was meeting with Ed Balls and Louise Ellman, the Chair of the Transport Select Committee, in separate meetings on Tuesday 26 Nov.

■ Secretariat updated on the judicial review hearing which had taken place on Friday 22 November. A decision was expected in the next two weeks. If the decision is in Commission's favour it was agreed (taking into consideration legal advice) that the Commission would publish the interim report as planned even if an appeal was lodged.

█ asked that all registers of interests were shared for information and updates. JK noted that Angel Trains Ltd on which she is a non executive director own Gatwick Express trains (stock) although it did not run the service. This was noted by all.

There was discussion as to whether a new Commissioner/s should be appointed in the New Year, but no firm conclusions were reached. █

█ were suggested although in each case careful consideration would need to be given as to whether any conflicts of interest existed.

4. Assessment of Need

█ introduced a presentation which updated the Commission on the final demand forecasting results and on the outputs of the research programme on the economic costs of constraining capacity.

Key points made were:

- The Commission noted that the wider economic impacts were the most important factor and needed to be given prominence in the overall argument.
- The Secretariat were asked to consider whether costs could be cited over the period to 2050 rather than 2080. [NB: The Secretariat subsequently provided advice to the Chair on this, and it was decided to use a 60-year appraisal period for consistency with other Government projects.]
- The foreign hub effects were novel analysis and should be stressed in the report.
- The Secretariat was asked to build into its narrative that lack of capacity in the future has 'people' costs as well as economic costs – particularly in relation to leisure travel and visiting family and friends.

The Commission agreed that:

The economic analysis indicated that the potential benefits could justify investment in new capacity, even if some cannot easily be captured and monetised. Any decisions on specific options would need to balance overall benefits with local impacts.

The modelling results indicated a need for a first net additional runway to be operational by 2030 and a likely demand case for a second by 2050, although this forecast is less certain. The interim report should not reach a firm view on a second runway, but should indicate that the Commission believes that a need for a second net runway is likely and that it will say more in its final report about when and how this decision should be taken.

5. Communication Strategy

■ presented the revised plan for Jan - Mar 2014 which was agreed.

Agreed that the front cover of the interim report should be plain.

On the draft Q&A Commissioners should send in comments and/or questions up to 9 Dec. Q&A should include answers which explain why our numbers differ from those published by other stakeholders.

6. Long term options

The Commission noted that the sift templates still contained some inconsistencies in terminology which would need to be corrected prior to publication. However the Commission was content that the necessary information was available to support its decision making.

■ introduced the Sift Stage 3 summary paper which contained the further analysis carried out since the meeting on 11 Nov.

The secretariat explained the basis on which the worked-up option at the Isle of Grain had been developed – seeking in particular to minimise noise impacts and effects on the Liquefied Natural Gas (LNG) plant and designated sites.

The Commission took the following decisions:

Heathrow Options

- SW runway – this was considered to be worse environmentally than other Heathrow options and presented major risks to water supply. Sifted OUT.
- NW runway – this was considered the best of the three options put forward by Heathrow Airport Ltd when compared across sift criteria. Sifted IN.
- Extended northern runway (Heathrow Hub) – the Commission noted the lower impacts on properties and heritage compared to NW runway option, but potentially more direct impact on the Special Protection Area (though still substantially lower than SW runway). Safety case issues were not considered a reason to sift out at this stage. Also noted that this presented a different balance of noise impacts compared to the NW runway. Sifted IN.

- 4 runway NW option – this was considered to provide potential over-capacity in comparison to the assessment of need, and had higher costs, noise impacts and numbers of demolitions than other Heathrow options. Sifted OUT

Gatwick and Stansted

- Gatwick Second Runway – this was considered to be a credible proposal. The costs and environmental impacts were acceptable compared to other schemes, Gatwick was approaching capacity and a second runway might therefore be expected to be well-used. The Commission were content to continue to assess on the basis of the widest-spaced option (with scope for review as detailed development is taken forward). Sifted IN.
- Stansted Second Runway – the demand case for a second runway at Stansted was not as strong, as the airport still had substantial unused capacity and the Commission's forecasts did not indicate that it would be full by 2030 even if other airports remained constrained, therefore the provision of an additional runway would be unlikely to address constraints on overall capacity and connectivity in line with the Commission's remit. Low noise impacts compared to other two runway options, but higher heritage impacts. Sifted OUT.
- The Commission noted that Stansted was likely to be a credible option for a second new runway (by which time the effects of competition would be clearer). It also agreed that it would look at the case for making best use of the existing runway (including raising the planning cap) in Phase 2.

Isle of Grain and Stansted Hub

A substantial discussion on the pros and cons of each option took place with a thorough consideration of the evidence summarised on the templates. It was noted by the Commission that there were finely balanced arguments for both across the range of sift criteria which need to be considered.

The Commission noted the significant potential benefits of the Isle of Grain options in terms of reduced noise impacts and regeneration/economic development.

A number of key issues needed to be set against this, including costs, number of demolitions and impacts on protected sites (which potentially presented serious deliverability risks). The Commission noted the potential impacts on London City and the need to close Heathrow. It reviewed the Leigh Fisher report on Heathrow closure, but did not feel that this necessarily provided a full assessment of the potential impacts. The scale of surface access infrastructure required was also noted, and its impacts in terms of cost and deliverability – though it was also noted that this could bring wider benefits in East London and Kent.

The Commission noted that the Stansted hub option would have some advantages over the Isle of Grain option, including in terms of costs (though these were still high overall) and impacts on protected sites. However, it had other significant local environmental impacts in terms of heritage and land usage and there were significant risks in relation to the deliverability of increased capacity, due to the airspace interfaces with Luton and London City. In addition, it was noted whereas the Isle of Grain option offered a unique and potentially transformative opportunity to reduce noise impacts and support regeneration, this was not the case to the same extent for a Stansted Hub.

The Commission considered whether there were options for taking either of these proposals forward short of formal shortlisting – for example, carrying out further analysis prior to a future decision in Phase 2, or taking an option forward for detailed development but retaining the right to review and sift out at a later stage, prior to the final report.

The Commission did not reach a view on these options and it was agreed that the secretariat would produce a comparison paper to inform a further discussion via teleconference.

7. Short & Medium Term Options (inc. correspondence with Treasury)

■ updated on the expected draft of the letter from the Chancellor which was to be sent later in the week.

The Commission was asked whether it wanted to raise any questions, suggest any changes to, or alternatively sign off the short and medium term recommendations. The Commission indicated that while there may be some further small drafting changes to chapter 5 of the interim report, it was content to confirm the recommendations on short and medium term options.

8. Interim Report comments on chapters

The Commissioners agreed to provide any comments by email.

9. AoB

Initial drafting comments on Interim Report requested by 2 December, with the final opportunity for comments on 6 December.

Conference call on Sat 30 Nov at 6pm to be set up by Secretariat

All finalised sift templates will be uploaded to secure data site, with hard copies provided on request.

PART 2

Conference Call, 6pm, Saturday 30 November

Participants:

Commission Members:

Sir Howard Davies – Chair

Professor Dame Julia King

Professor Ricky Burdett

Vivienne Cox

Sir John Armit

Apologies:

None

Secretariat:

Phil Graham

The Chair outlined that the purpose of the discussion was to reach a view as to whether the Isle of Grain and Stansted hub options should be included on the Commission's shortlist. The Commission could also consider whether there was a 'halfway' option which would allow further work to be done prior to any decision on shortlisting.

A comparison note by the Secretariat to inform the discussion had been circulated.

In relation to the Isle of Grain option, it was agreed that despite its potential benefits in relation to noise and regeneration, there were significant risk factors in relation to the Estuary that meant it could not be short-listed as credible at this stage.

In relation to the Stansted option, it was noted that this did not present the same potential benefits as the Isle of Grain, but still was a very high cost option with significant environmental impacts. The risks around the scale of capacity deliverable were also noted. On this basis, it was agreed that it should not be short-listed.

However, it was noted that on this basis if Heathrow expansion proved undeliverable, there would only be one option left (the Gatwick second runway option).

It was noted that there were still uncertainties in relation to these options – and particularly the Isle of Grain. A key area of uncertainty was the overall balance of economic impacts in relation to the Isle of Grain option, particularly taking into account the closure of Heathrow. The Leigh Fisher paper was a helpful start but left many questions unanswered.

The Commission confirmed that:

- They were content that the Isle of Grain and Stansted hub options should not be short-listed;
- They were content, having reviewed the final sift templates and the paper on the responses to the consultation on the proposals submitted, to confirm their previous sift decisions; and
- They were content to reconfirm that the Chair had delegated authority to sign off the text of the interim report.

PART 3

Conference Call, 7pm, Tuesday 10 December

Participants:

Commission Members:

Sir Howard Davies – Chair

Professor Ricky Burdett

Vivienne Cox

Sir John Armitt

Apologies:

Professor Dame Julia King

Secretariat:

Phil Graham



The Chair explained that he had reconvened the Commission to consider the question of whether a 'halfway approach' should be pursued in relation to the option of a new hub. This had been mentioned in the previous teleconference, but not discussed. Such an option could involve carrying out further analysis on key areas of importance prior to reaching a view on shortlisting.

He provided feedback on the meetings that had taken place since the 25th November discussion, including with Ed Balls MP (Shadow Chancellor), Louise Ellman MP (Chair of the Transport Select Committee), Oliver Letwin MP (Minister of State in the Cabinet Office) the Secretary of State for Transport and the Chancellor of the Exchequer. He noted that in a number of these meetings, the importance of a robust evidence base in relation to any decision on the Thames Estuary option had been discussed.

He explained that he did not consider that there was any case for changing the current short-list of schemes. The Commission agreed this. However, given the uncertainties acknowledged by the Commission in respect of the new hub options (and particularly the Thames Estuary option), he considered that it could be appropriate to carry out further work before reaching any final view on whether any such option should be short-listed.

He stated that he had spoken to Julia King earlier in the day who had agreed that there was a case for carrying out further analysis on the Estuary option, and had proposed that a key area for consideration would be the response of airlines to any decision to invest in a scheme of this kind.

The Commission discussed this approach and agreed that, given the potential scale of noise and regeneration benefits associated with this option, it would be premature to rule it out without more thoroughly examining the key issues and risks. The following were identified as potential areas for analysis:

- The economic impacts (positive and negative) of investing in an Isle of Grain airport – including in the local area, through support for the eastwards shift of economic activity in London and through the closure and redevelopment of Heathrow and London City airports;
- The cost, deliverability and potential impacts of the surface access infrastructure needed to support such an airport – including its potential wider benefits for transport users in Kent and East London; and
- The feasibility of development on the identified Natura 2000 sites and meeting associated legal requirements, including the provision of compensatory habitat and the test that no feasible alternative should be available.

The Commission agreed that further work was therefore appropriate on the Isle of Grain option before reaching a view as to whether it should be shortlisted. It did not consider that further work of this kind was necessary in relation to the option of a Stansted hub, as this did not offer the potential to deliver the same scale of benefits in relation to noise or local and regional economic growth, and the issues relating to its environmental impacts were better understood. It confirmed therefore that the Stansted hub option should be sifted out.

The Commission proposed that the further work on the Isle of Grain option should be taken forward in Phase 2 of its work programme, with the intention of reaching a decision before the final report as to whether it should be recommended in place of one of the currently short-listed options.

The Secretariat was asked to seek legal advice on how such a process could be structured, and to agree the overall approach on that basis with the Chair.