



**Meeting of the Airports Commission
9th July 2013 – 14.00 – 17.00
Manchester Town Hall**

Attendees:

Commission Members:

Sir Howard Davies – Chair
Professor Dame Julia King
Geoff Muirhead
Professor Ricky Burdett
Sir John Armit

Apologies:

Vivienne Cox

Commission Secretariat:

Phil Graham



1. Welcome

Howard Davies welcomed the Commissioners to the meeting. All members had been sent copies of the relevant papers that were due to be discussed at the meeting. Howard asked if there were any changes to the register of interests. Julia King stated that she had been appointed as a Director to the Greater Birmingham & Solihull Local Enterprise Partnership which through Birmingham Council has links to Birmingham Airport.

2. Note of last Meeting

The Commissioners were asked if they had any comments or corrections on the note of the last meeting - there were none.

3. Round up of stakeholder meetings attended

Howard Davies described his recent meetings with:

- Local Action Groups.
- Boeing – Met with them in US and had useful discussion on future technology. Secretariat has a UK contact and should keep in touch as we go through the process.

- Conservative Mainstream – A pressure group of Conservative MPs trying to widen appeal of the party – Sensible discussion held
- Tim Clark – Emirates – Again discussion went well. Emirates support capacity expansion but do not have strong views as to any preferred option as they believe they can operate out of any SE airport/hub.
- GLA Transport Committee.
- Maria Eagle – Sees it as important for Labour to view the Commission as a cross party process. She has parked any previous views on the issue and is open to persuasion by the evidence on any option. Howard has agreed to take her through the interim report section on demand and how this can be consistent with climate change obligations etc as likely that Labour will need to make a statement on this part of the report.
- Greg Hands MP
- Jeremy Heywood - Cabinet Secretary
- Jo Johnson - Head of No 10 policy unit
- Secretary of State for Transport – included discussion of potential blight issues.

Whitehall Liaison Group

HD reported on the discussions at the June Whitehall Liaison Group meeting.

The Government would be interested in taking forward viable surface access recommendations, however in order to do so it would be important that the potential costs were considered in the PBR process leading up to the Chancellor's Autumn Statement. Therefore, the WLG asked whether the Commission would be able to provide a written indication of their thinking prior to the date of the Autumn Statement (normally between late October and early December).

HD asked Commissioners for their views on giving an early letter to Treasury outlining the preferred short and medium term surface access options. ■ Secretariat explained that the key options under consideration were well known and previously investigated schemes. It was noted that any potential communication with HMT would need to focus on 'no regret' options (i.e. viable whatever the ultimate long-term recommendation) and options which could confidently be expected to be recommended in the interim report. The Commission discussion also noted the risk that any such letter could be seen as pointing towards a specific long term option, but it was felt this could be managed.

Commissioners wanted to ensure that independence from HMG was safeguarded, but also recognised the importance of securing action on the back of its recommendations. Therefore, if this approach was taken it would be important that the Commission was seen as leading not following. If the Government wished to make any announcement on this in the Autumn Statement it would be preferable for that to be about the availability of a funding pot to support the Commission's recommendations rather than about specific schemes.

The Chair summarised and said that no decision on this was required at this stage but the proposal would be given consideration later in the year once the Commission had more clarity about potential recommendations. In any case, the Secretariat would need to engage with DfT and Treasury regarding timings and funds available (including any guarantees which might be requested by the Commission).

4. Short and medium Term Measures

■ and ■ Secretariat presented their on short and medium term options. This sought the Commission's agreement to a) the measures that could be discarded at this stage; b) the measures which should be considered as medium term; c) the core package of measures to be taken forward for further development and assessment; and d) the proposed packages of additional measures for further development.

Key points made in discussion were:

- A more transparent system of percentages or traffic lights which would identify the relative costs and benefits from the measures was requested. The Secretariat agreed to consider this.
- The Commission would like to consider APD in its interim report and – particularly – to look at options for flexing the current system to deliver environmental and/or economic objectives.
- In aligning the DfT night noise consultation process with the Commission's phase 2 timetable, it would be important to retain scope to trial options for flexing the night noise regime – for example, smoothing out the latest night flights and early day flights to avoid losing runway alternation in the morning period; or options to increase flight numbers within the set quota count. The Secretariat would ensure that this was communicated to DfT and incorporated in any correspondence with the Secretary of State for Transport.
- The Commission was keen to look at potential measures to incentivise increased passenger numbers per slot at Heathrow – for example, through higher load factors or the use of larger planes.

The Commission reviewed the list of measures proposed to be rejected and asked that the following two measures be considered further as part of the work on the medium term measure scenarios:

- Upgrades to the West Coast Main Line to support a 59-minute journey time from London to Birmingham International
- Increased capacity on the Lower Thames Crossing

Subject to those changes the lists of options for rejection and for classification as medium-term were agreed.

Commissioners were requested to provide any further comments on the papers by correspondence.

5. Long Term Options Template

■ and ■ Secretariat presented the draft template to be used to assess options.

The Commissioners agreed the overall template structure, but made the following additional requests:

- Completed templates should distinguish between the information provided by scheme proposers and analysis or consideration by the Secretariat or its advisers;
- Completed templates should be more easily comparable – the Commission requested more quantitative data where possible to aid comparison and/or increased usage of red/amber/green ratings;
- In addition to completed templates, the Commission requested that the Secretariat consider whether an overview spreadsheet, summarising key factors across all proposals could be prepared;
- Completed templates should include clear analysis of consequential impacts and other key strategic issues.

The Commissioners also asked the Secretariat to consider whether thresholds could be identified against certain criteria to make the sift process more manageable; and to consider potential approaches to weighting criteria.

6. Assessment of Need

a) Carbon modelling

■ and ■ Secretariat presented the results of work to model the implications of carbon constraints on the need for future airport capacity. The Commissioners were broadly content with the analytical approach, but felt that the analysis should take account of the need to build in resilience. This might lead to a requirement for a higher level of capacity than the results presented at this meeting, which were based solely on one hundred per cent runway utilisation. The Secretariat agreed to carry out further work on appropriate resilience assumptions.

In discussion, it was noted that the carbon prices implied by these constraints could have a significant effect on regional demand growth, and on demand for leisure travel which is typically more price sensitive than business travel.

The Commissioners also discussed the potential for higher carbon prices to stimulate new technologies, and the implications this could have for future airport infrastructure (e.g. aprons and stands). The potential for airlines to purchase carbon credits in 2050, which would reduce their net emissions and enable a greater level of demand to be accommodated within the carbon constraints, was also discussed. However it was unclear whether sufficient carbon credits would be available at an affordable price to enable significant carbon trading by 2050. The Secretariat were asked to review whether other technological and/or trading scenarios could be tested using this approach.

The Commission requested that in future results should be clearly presented in terms of net change in the number of runways.

b) Connectivity

■ Secretariat presented a slide pack summarising progress in reviewing responses to the connectivity discussion paper and proposed next steps.

A number of points/areas for clarification were made by the Commissioners:

- The Commissioners asked that in developing measures of connectivity, the Secretariat should consider the inclusion of data on number of destinations, cost of tickets and the economic value of destinations.
- The Commission raised concerns regarding the operation of the slot allocation rules and whether these could distort the market or prevent the achievement of connectivity objectives. The Secretariat was commissioned to review the slot trading system and its impact on the establishment of new routes.
- The Secretariat was asked to research the unmet demand for slots at Heathrow from foreign airlines and what this was likely to imply in terms of 'lost' connectivity.
- ■ Secretariat agreed to present the results of the work on defining and measuring connectivity at the next Commission meeting.
- It was noted that although some airlines want an expansion of Heathrow to maintain the single hub airport, more point to point traffic is already moving to Gatwick. The Commission asked whether, if this was further encouraged, at what point would there be an impact on transfer passenger numbers.

7. AoB

Interim Report Structure

Commissioners were broadly content with the proposal as outlined in the paper. Subject to any comments via correspondence, the secretariat will further develop this over the summer, with the aim of presenting initial chapters of a 'skeleton' document to the Commission in September.