



Meeting of the Airports Commission
1st August 2014 - 10:00 - 12:15
Rm 6.02 Sanctuary Buildings

Attendees:

Commission Members:

Howard Davies - Chair (HD)
John Armitt (JA)
Julia King (JK)
Ricky Burdett (RB)
Vivienne Cox (VC)

Secretariat:

Philip Graham (PG)



1. Welcome

HD welcomed attendees to the meeting and asked whether there were any updates to the register of interests from Commissioners. There were none.

2. Note of last meeting

HD had sent through his comments on the note of the last Commission meeting held on Tuesday 8th July. The Secretariat were to take these into account and amend the note accordingly.

3. Round up of stakeholder meetings attended

HD gave an update on meetings he had since the last Commission meeting. These were as follows.

- 10th July - Philip Rutnam, Permanent Secretary, DfT and Lucy Chadwick, Director General, International, Security and Environment, DfT
- 10th July - Sir Jeremy Heywood, Cabinet Secretary
- 11th July - John Kingman, 2nd Permanent Secretary, HMT and Rupert Harrison, Special Advisor to the Chancellor
- 29th July - Telephone call with Ed Balls, Shadow Chancellor and MP for Morley and Outwood
- 1st August - Sir Roy McNulty, Chairman, Gatwick Airport, David McMillan, Non-Executive Director, Gatwick Airport, Michael McGhee, Head of Transport, Global Infrastructure Partners.

4. Update on Secretariat Progress

PG gave an update on Secretariat work.

The consultation period for Discussion Paper 6: Utilisation of the UK's Existing Airport Capacity closed on 25th July. The consultation was well supported with about 150 responses received. About 60 of these related to Manston Airport. There were a number of substantive responses from local authorities, airport owners and airlines. There will be no formal follow up to the consultation, which was intended to inform the Commission's final report, however the Secretariat is considering publishing a summary of the responses on the Airports Commission website to inform the forthcoming Transport Select Committee enquiry on smaller UK airports.

Delivery Discussion Paper 7: Delivery of New Runway Capacity was published on 1st July with the consultation period closing on 15th August. This consultation has generated some responses, and the Secretariat is continuing to engage in discussion with stakeholders about emerging issues, including on regulatory processes.

The Inner Thames Estuary Studies have been published with the consultation period closing on 8th August. The Secretariat are anticipating that the number of responses will increase nearer the closing date. The Secretariat will be considering the responses carefully and the outcomes of the consultation will be reflected in the finalised papers to be provided to the Commissioners to inform the decision on the Inner Thames Estuary. The Secretariat expects to be in a position to share these papers with the Commissioners within a few weeks.

The Secretariat is continuing ongoing work to manage effective working relationships with all three scheme promoters.

5. Update on views from Counsel

The Airports Commission Legal Advisor gave the Commission an update following a meeting with Counsel held on 31st July. Counsel advised that any final decision on the Inner Thames Estuary should be a balanced judgement taking into account all the evidence available. The next meeting/telephone conference with Counsel will be held on 1st September.

6. Cost and Commercial

The Secretariat presented the Cost and Commercial Appraisal Update agenda item to the Commission which focused on i) Overview of Cost and Commercial Evaluation, ii) Capex Forecasts and iii) Literature Review. The Literature Review will be discussed outside the meeting to allow Commissioners to review and feedback on reports received from consultants by **28th August**.

The Commission were given a short background to the agenda item explaining how the three scheme promoters' masterplans that had been agreed with the Commission, were then given to LeighFisher to develop their assessment of the costs required (capex, maintenance and opex) to deliver the operational scheme. Final draft figures had only just been received from LeighFisher, hence the discussion only focussed on capex costs, and the Commissioners were advised that these were still undergoing clarification/discussion with the Secretariat, other advisers, EAP and Scheme Promoters.

Different cost scenarios were also discussed, reflecting the source of the costs (Commission or Scheme Promoter) and the treatment of Optimism Bias. The proposal from the Secretariat was that the "base case" cost position that would be presented at consultation would be using the LeighFisher costs, with a mitigated Optimism Bias assumption reflecting the greater certainty of cost, based on the more detailed submissions, compared with the Interim Report.

There was a short discussion of the treatment of engineering costs at the existing airports. LeighFisher will be conducting further analytical work on this issue and this would form part of their cost discussions with scheme promoters.

There was a short discussion on the GAL capex Breakdown focusing on the staggering of timings on building the new runway at Gatwick. The Secretariat noted there was disparity in levels of future demand at Gatwick between the Commission's assessment of need scenario and the forecasts prepared by GAL. As a consequence, for the Cost and Commercial evaluation, depending on the demand profile, the phasing of when you would build each phase of the GAL proposal may potentially be delayed in comparison to GAL's own assessment. This would continue to be discussed with GAL. The Commission noted that there were risks from using projections based on one version of the future only, and therefore the Secretariat planned to prepare a number of forecast scenarios.

ACTION: HD requested more work to be done on Cost and Commercial Appraisal and to clarify the costings.

7. Engineering and Surface Access

The Secretariat presented on the Surface Access and Safety agenda item which focussing on the analysis of the case for both the HS2 Spur to Heathrow and Heathrow Hub proposition, early outputs of the surface access appraisals, scheme preliminary safety reviews and analysis of scheme's capacity limits.

In summary the findings from the consultants literature review appear to validate HAL's decision not to include HS2 Spur their proposed surface access strategy.

An update on the Heathrow Hub surface access proposal based on a new hub station near Iver was presented. The analysis suggests that this does not appear to be an attractive option for people travelling from London leading to worsening congestion on the Piccadilly Line and Crossrail. It is anticipated that passengers travelling from the West would experience longer journey times. The baggage proposition would be difficult to implement and there are resilience issues at Iver that would need to be resolved. The Commission agreed that the Heathrow Hub transport plan going forward should include a surface access proposition similar to HAL's and that any further development of the Heathrow Hub surface access model should treat it as a detached module.

On the Gatwick surface access proposition, congestion is to be expected on the Brighton mainline impacting passengers boarding at Victoria and London Bridge stations. The Secretariat noted that the M23 and Brighton mainline are the two main arteries to Gatwick. Crowding for passengers travelling in the peak hour and also resilience will be important issues in relation to Gatwick surface access.

The Secretariat stated that the surface access strategy for HAL has produced broadly positive results. Heathrow Hub appears similar when a HAL-style surface access strategy is used. The impacts are manageable and the journey times are proportionate to price. However there will be increased congestion to the roads around the area, notably the M4 and M25.

In respect of airspace and operational risk, the Heathrow proposals, especially HAL's, may require an end to civilian use of Northolt. The Secretariat was continuing to work with its advisers on this issue.

8. Strategic Case

The Secretariat presented on the Strategic Case agenda item and provided a further update on the systematic strengths, weaknesses, opportunities and threats (SWOT) analysis to be conducted for each of the proposals. The Strategy Team will use the framework to scrutinise each of the assessments conducted by the appraisal team to come up with a comprehensive view of SWOT. The Secretariat also presented a list of metrics against which each

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scheme will be analysed. Importantly, it was explained why 'number of transfer passengers' will not be a metric, but nevertheless be important to estimate, as it will be relevant to the possible variety of destinations that each proposal may deliver. Wherever appropriate, metrics analysis will be performed across all scenarios.

9. AOB

There was no AOB from attendees.