



**Meeting of the Airports Commission  
26th January 2015 - 13:00pm to 16:00pm  
Rm 6.02 Sanctuary Buildings**

**Attendees:**

*Commission members:*  
Howard Davies - Chair  
John Armitt  
Vivienne Cox  
Ricky Burdett

**Apologies:**

Julia King

*Secretariat (Agenda Items):*  
Philip Graham

[Redacted]

*Expert Advisory Panel:*  
James Neal (5,6,7)  
Gordon McKechnie (5,6,7)  
Paul Morrell (6,7)

*Advisers (Agenda Item 6):*  
[Redacted] (PwC)  
[Redacted] (PwC)  
[Redacted] (PwC)

**1. Welcome**

HD welcomed attendees and invited updates on the register of interests. None were received.

**2. Note of Last Meeting**

There were no new comments on the last meeting note and the note was agreed.

**3. Round up of stakeholder meetings**

HD gave an overview of the meetings that have taken place since the last Commission Meeting. The meetings were as follows:

19 January – HD visit to the ARUP Soundlab

20 January – Meeting with Robert Anderson (Borough Leader) and Ruth Bagley (Chief Executive), Slough Borough Council

20 January – HD and JA attended the GLA Transport Committee hearing

In addition, HD informed that a meeting has been set up to take place in March between HD and Richard Westcott, BBC Transport Correspondent.

The Secretariat provided the Commission with an update of planned stakeholder meetings. The Secretariat will meet with Airbus in Toulouse to discuss forecasting, and a meeting has been set up between the Secretariat and United Airlines, to inform the Secretariat on the American airlines' views relating to airport expansion in the UK.

#### **4. Stakeholder Engagement post Consultation**

There was a discussion of an initial draft of a protocol setting out the Airports Commission's and the Secretariat's stakeholder engagement during the time from the close of consultation, to the Commission's decision on the preferred option and up to the publication of the Final Report.

HD noted meetings with Sir Jeremy Heywood and Philip Rutnam should be organised shortly after the close of consultation, to give an overview of the Commission's process until the publication of the Final Report.

In addition, the protocol includes initial suggestions on the Commission's actions relating to the publication of the Final Report, including parliamentary briefing, press conference and media presence. The protocol will be more closely discussed in future meetings.

**ACTION:** Secretariat to schedule meetings with Sir Jeremy Heywood and Philip Rutnam.

#### **5. Delivery: Setting the Context**

The Secretariat presented the Commission with a draft delivery roadmap, showing stages of work potentially needed to deliver any recommended option. The roadmap set out a high level overview of the sequence of events and listed bodies whose collaboration is required to support successful delivery of the recommended scheme. Broad timeframes are indicative at this stage of work, and all individual steps will be discussed with more detail in future meetings. The Commission agreed that the roadmap should demonstrate a viable delivery route for the scheme, but the extent to which it details specific processes will need to be revisited at a future Commission meeting.

The Commission was interested in finding out what is the estimated expenditure in early stages of the delivery roadmap and noted it was important to consider such issues to give credibility to the recommendation.

In terms of expenditure and costs, the Secretariat presented the Commission with a cost chart of two other nationally important infrastructure projects showing the scale and profile of costs incurred up to these schemes obtaining their necessary consents. It was concluded that no further benchmarking work was necessary and that the Final Report should emphasise that appropriate levels of funding would need to be available to support the timely scheme development through to consent.

## **6. Cost and Commercial Viability**

The Secretariat gave a short overview of the existing evidence base on cost and commercial viability, as published for the consultation. This included a recap of the financial modelling undertaken by the Commission as set out in the Appraisal Framework.

After this, the Commission's advisers, PwC, talked the Commission through the approach and findings in the Cost and Commercial Viability workstream, which is part of the national consultation. The outputs of this work were set out in three consultation reports; Literature Review, Financial Modelling Input Costs and Funding and Financing. Topics of discussion included:

- The comparison of UK and international airports sectors, including structure of ownership
- Current financing and credit rating of the scheme promoters and the possible impact of any change in these
- Methodology and assumptions used in funding and financing, including any alternatives to current models
- Risks around level of debt and equity, including consideration of possible new investors
- State Aid and the rules, regulations and legislation involved both at national and European level, including the role of the European Commission

The members of the Expert Advisory Panel participated in the conversation, with specific comments on the difficulty in assessing the likely cost outcome, and forecasting the availability of finance for any of the short-listed schemes a decade in advance of them becoming operational and five years before the start of construction.

## **7. Suggested Final Report Narrative – Cost and Commercial Viability and Delivery**

The Secretariat presented the Commission with a generic draft narrative on cost and commercial viability (i.e. not dependent on the recommended option). The narrative around the role of the state will need to be examined further, however it was acknowledged this is difficult to determine at this stage. It was noted all scheme promoters recognise the Commission's assessment of the potential need for State Aid in delivering the scheme. The Commission agreed the narrative is moving in the correct direction.

## **8. AOB**

## FINAL AGREED

The Secretariat asked the Commission to review next Commission Meetings' thematic discussion topics and agree on the order in which they should be featured.

Further topics that interested the Commission were as follows:

- Pre-funding and its effect (e.g. on airline behaviour)
- Regarding surface access work, the Commission agreed that firm recommendations cannot be made in the Final Report, but a strong steer as to when and by whom this topic should be looked at in more detail should be given as part of the recommendations.