



Department
for Transport

Heathrow

Relationship Framework Document

between the
Secretary of State for Transport
and Heathrow Airport Limited
June 2018





Contents

- Foreword: Rt. Hon. Chris Grayling MP 4
- Foreword: Bernadette Kelly CB 5
- Foreword: John Holland-Kaye 6
- 1 Purpose and overview of the Relationship Framework Document 8
- 2 Heathrow and the Department’s relationship going forward 14
- 3 Vision and objectives 16
- 4 Capacity 20
- 5 Community and environment 24
- 6 Surface access and M25 30
- 7 Connectivity and economy 34
- 8 Governance, coordination and benefits 40
- 9 Status of the Relationship Framework Document 46
- Annex 1 52

Without prejudice to or in prejudgement of any Government decision, policy or function including development or designation of any Airports NPS or subsequent consideration of any DCO application.

Foreword

Rt. Hon. Chris Grayling MP
Secretary of State for Transport



On 25 June 2018, Parliament took the decision to vote in favour of an Airports National Policy Statement (NPS) which paves the way for vital new capacity at our major international hub – Heathrow Airport.

This wasn't just a vote in favour of a new runway, this was a vote of confidence in the UK's future as a leader in the world economy. It was a vote in favour of strengthened trading links, of new jobs and opportunities across the country. It was a vote to back Britain in the long term and enable future generations to thrive in an ever-changing global market.

We have finally settled a debate which has challenged successive Governments for half a century. The focus now is to ensure the project can be delivered as quickly and efficiently as possible, and with consumers at its heart.

I have also been clear that the impact on those most affected by the new runway must be addressed, which is why the NPS includes a package of compensation and mitigations which rank among the most generous and comprehensive in the world. Alongside this, the recently-established Heathrow Community Engagement Board – under the leadership of Rachel Cerfontyne – will improve the relations between the airport and its neighbours and hold Heathrow to account on its commitments to local residents.

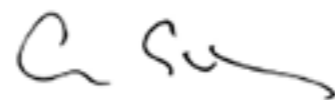
While Parliament has voted in favour of the NPS and confirmed its support for a new Northwest Runway at Heathrow, the Scheme will still be subject to the statutory process governing applications for

development consent. Safeguards are in place to ensure the independence and integrity of this process.

Once an application for development consent has been submitted, it will be for independent planning inspectors to scrutinise the application to ensure it complies with the policies set out in the NPS and, critically, examine whether it has sufficiently addressed the local and environmental impacts, before making their recommendation on the final decision.

It is now for Heathrow Airport Limited to apply for development consent to take forward the Scheme. This will necessarily involve working with the Government to achieve the objectives of expansion. These include enhancing domestic connectivity, supporting necessary airspace modernisation and developing innovative solutions for transporting passengers to and from the airport.

This document sets out how both parties will work together, now and in the future, to build a long-term partnership with the aim of realising the UK-wide benefits of this vital scheme as quickly and efficiently as possible.



Rt Hon Chris Grayling MP
Secretary of State for Transport

Foreword

Bernadette Kelly CB
Permanent Secretary at the Department for Transport



Transport is at the heart of our economy, moving people and goods around, connecting people and businesses. One of the Department's objectives is to ensure transport acts as a catalyst to boost economic growth and opportunity, and this is exactly what an expanded Heathrow Airport will do.

Parliament's historic vote and the subsequent decision to designate the Airports National Policy Statement mean that we can now move on from the debate of where additional airport capacity should be located, or if extra capacity is needed. However this is not the end of the story – indeed, it is really just the beginning.

This transformational project will shape the future geography of our country and ensure that the UK continues to be a global power for business and trade. It will reduce the cost to businesses of getting the materials they need and delivering their goods to market. It will mean people and businesses have a greater choice of products, driving quality up and prices down. New airport capacity will create new jobs and increase the range of jobs people can access, increasing interactions between businesses to improve skills networks and boost innovation.

An enduring relationship

If we are to make the Northwest Runway scheme a reality it will be essential that both the Department for Transport and Heathrow Airport Limited lay the foundations for a constructive relationship for the future.

That is why I am pleased to sign this Relationship Framework Document setting out how we will work together to deliver expansion in a timely, efficient and

cost effective way, whilst mitigating adverse impacts on the local environment and, importantly, those communities living closest to the airport.

At the heart of this working relationship will be our shared vision for expansion: *'To secure the UK's future as an outward facing, globally strategic hub for aviation by expanding Heathrow Airport'*. This document provides a framework, structured around four key areas:

- **Capacity** - Expansion must be delivered on time, with landing charges close to 2016 levels, to the latest safety standards and with minimal disruption, providing at least 260,000 additional air traffic movements a year.
- **Better neighbour** – Heathrow will be a better neighbour to local communities, minimising and mitigating impacts of an expanded Airport.
- **Surface Access and M25** – Heathrow and the Department will optimise passenger journeys from the airport that are sustainable and fully integrated with local and national transport networks.
- **Connectivity and economy** – Expansion must benefit the whole of the UK, creating jobs and skills and giving even more of the UK access to important international markets, strengthening existing domestic links and developing new connections to regions not currently served.

Underpinning all of the above will be a collaborative approach between the Department and Heathrow to sharing appropriate information and coordinating activity, maintaining clear channels of communication and fostering an atmosphere of trust, openness, honesty and transparency.

This marks the beginning of a new chapter in the relationship between the Department and Heathrow and, more widely, the UK aviation industry as a whole.



Bernadette Kelly CB
Permanent Secretary at the Department for Transport

Foreword

John Holland-Kaye
CEO, Heathrow Airport Limited



For over seventy years, Heathrow has been the UK's gateway to the world. As our country's only hub airport, Heathrow is a cornerstone of the UK economy, helping to drive growth and investment and providing vital connections to the world.

Heathrow has been operating at capacity for a decade. While other hub airports across Europe and beyond have been adding connections to key emerging markets, Britain's growth and potential have been stifled.

The designation of the Airports National Policy Statement is a major milestone in delivering Heathrow expansion, and unlocking growth and opportunities across every part of the UK. This project is about more than just a runway. It is about opportunities for our local community, inside and outside the airport's boundary. It is about securing the country's economy and connecting the whole of the UK to global growth. And it is about legacy: building the infrastructure today that our children will need for tomorrow.

Our plans for expansion will create tens of billions in economic benefits, tens of thousands of jobs across the UK, and double the number of apprenticeships at the airport and through our supply chain. We are in the process of establishing four new logistics hubs across the UK to help deliver the project sustainably, and to leave a legacy of construction excellence across Britain for generations to come.

Once new capacity is released, expansion will add up to 40 new long haul routes, double our cargo capacity, and strengthen Britain's connectivity through new domestic links to UK airports which are currently

cut off from Heathrow. Expansion is an opportunity for new entrants to launch services from the UK's hub, adding exciting new destinations and boosting competition and choice on existing routes. For our part, we have committed to keep airport charges close to today's levels, working closely with partners to put the passenger at the heart of our plans.

For all the benefits to passengers and to the UK economy, we have always been clear that expansion is not a choice between the country and our communities – it will deliver for both. We have designed our plans to treat local communities fairly – with £700 million set aside to insulate local homes, a commitment to create 10,000 apprenticeships at the airport and through our supply chain, and an independent Community Engagement Board to hold us to account. Our committed goal is to expand Heathrow whilst affecting fewer people with noise than today, and additional capacity at Heathrow will be delivered in accordance with the UK's legal air quality obligations – a requirement of the NPS. Through our consultation process, we will ensure local people have a voice in shaping our final proposals and we welcome ongoing scrutiny of our plans.

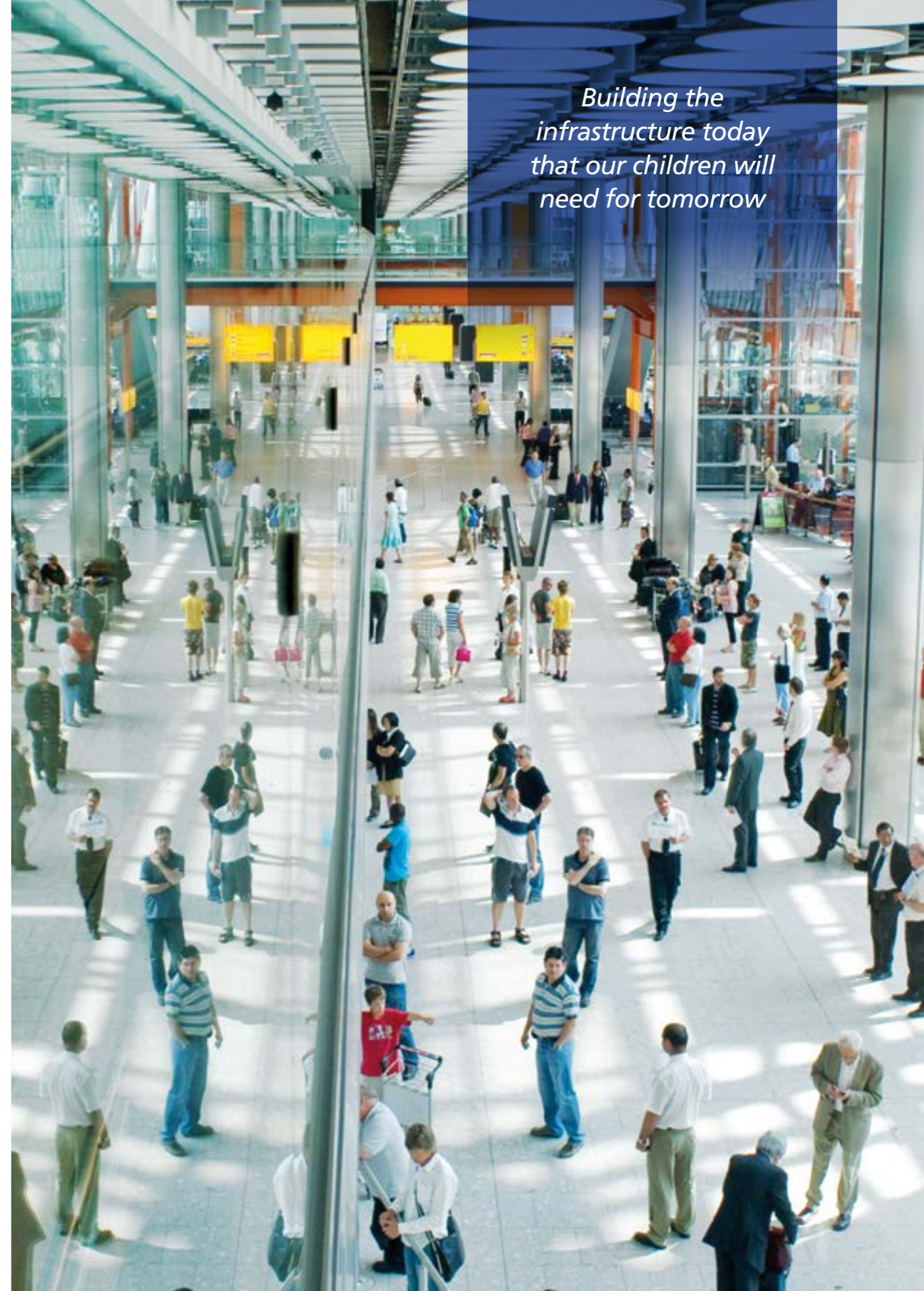
Now the NPS has been designated, this allows us to proceed with our application for development consent, which will involve periods of public consultation and continuous engagement with a wide range of stakeholders. Throughout this planning process, we will work closely and constructively with the Department for Transport to maximise the full benefits of expansion, and to deliver this project responsibly and efficiently. I am proud to sign this Relationship Framework Document to set out how we will work together and build a strong, long-term partnership.

Heathrow is vital to securing the UK's future – that is why we are getting on with delivering Britain's new runway.

A handwritten signature in black ink that reads "John Holland-Kaye". The signature is written in a cursive, slightly slanted style.

John Holland-Kaye
CEO, Heathrow Airport Limited

*Building the
infrastructure today
that our children will
need for tomorrow*



1 Purpose and overview of the Relationship Framework Document

1.1 Background

- 1.1.1 This Relationship Framework Document has been published by the Secretary of State for Transport (“Secretary of State”) and Heathrow Airport Limited (“Heathrow”).
- 1.1.2 This document sets out the nature of the relationship between the Department for Transport (the “Department”) and Heathrow in relation to the proposed Heathrow Northwest Runway scheme (the “Scheme”). This close relationship is needed given the national importance of the Scheme which has received Government policy support through the designated Airports National Policy Statement (the “NPS”).
- 1.1.3 Heathrow is now intending to bring forward an application for a development consent order (“DCO”) to authorise the construction of the Scheme. Any such application will be considered under the statutory process set out in the Planning Act 2008.
- 1.1.4 The relationship between the NPS, the statutory process for an application for a DCO and this document is explained at paragraph 1.4 below.

1.2 Purpose of this Relationship Framework Document

- 1.2.1 The purpose of this Relationship Framework Document is to establish an agreed basis for a collaborative and constructive engagement between the Department and Heathrow in order to achieve additional airport capacity in the South East of England as soon as possible and in any event by 2030 (“Expansion”) through the delivery of the Scheme, necessary airspace modernisation and related matters (the “Programme”) and to set guidelines for how the Department and Heathrow will work together. This will enable Heathrow, as a prospective applicant for a DCO, to deliver the Scheme in a timely and efficient way so that it is operational from as early as 2026, subject to the grant of a DCO.
- 1.2.2 When selecting Heathrow Airport as the preferred location for expansion in October 2016, the Secretary of State made three assurances to Parliament on the delivery of expansion (noted below). The NPS makes clear how the Department expects those assurances to be delivered. This Relationship Framework Document outlines how the Department and Heathrow will work together to support this.

- 1.2.2.1 Costs – the Secretary of State has set out his expectation that Heathrow and industry will aim for Expansion to be delivered with “airport charges close to current (2016) levels”. Chapter 4 outlines how the Department and Heathrow will work together to bring forward proposals that aim to keep charges close to 2016 levels in real terms, whilst balancing this against the need for the Scheme to mitigate adverse impacts on the environment, local communities and the effects on others, and the need for the Scheme to be exclusively financed by the private sector.
- 1.2.2.2 Better Neighbour – The Secretary of State has made clear that Expansion will need to address “air quality and noise, and meet our obligations on carbon both during and after construction”. The NPS sets out clear requirements for the mitigation of adverse impacts on the environment and local communities. Chapters 5 and 6 outline how the Department and Heathrow will work together to ensure those requirements are met.
- 1.2.2.3 UK wide benefits – The Secretary of State has said that he expects Expansion to benefit the whole of the UK, “not just by creating jobs across the airport’s UK-wide supply chain, but by giving even more of the UK access to important international markets – by strengthening existing domestic links, and developing new connections to regions not currently served”. Chapters 6 and 7 explain how the Department and Heathrow will work together to ensure this.

- 1.2.3 Given the national importance of the Scheme and the scale of the Programme, the Department and Heathrow will need to work together on a number of issues across different Government processes without prejudicing and/or prejudging any decision on any application for a DCO. The Department will ensure that appropriate processes and procedures are in place to avoid any such prejudice or prejudgement.
- 1.2.4 This document lays the foundations for a productive relationship between the Department and Heathrow. The Secretary of State and Heathrow intend this Relationship Framework Document to apply from the date of this document, through construction and opening of the new runway, and for such a period of time as the Secretary of State and Heathrow agree that enables all the benefits identified in this Relationship Framework Document to have been realised or secured and/or until the Secretary of State and Heathrow agree to refresh and amend the contents of this document in accordance with Chapter 9.
- 1.2.5 Heathrow has made a number of public commitments on the Scheme as its plans have developed for the future of Heathrow Airport. Those commitments have, most recently, been set out in the consultation documents for the consultation carried out by Heathrow which can be found on the Heathrow Consultation website at: <https://www.heathrowconsultation.com/documents-resources/>.



This document lays the foundations for a productive relationship between the Department and Heathrow

Giving even more of the UK access to important international markets – by strengthening existing domestic links, and developing new connections to regions not currently served



- 1.2.6 Heathrow is committed to achieving the promises it has made in public and will continue to develop these commitments in light of feedback from the consultations it has already undertaken and will undertake as part of the Programme. Such commitments will then form the basis for Heathrow's intended application for development consent to authorise the Scheme and for any separate application for airspace change through the Civil Aviation Authority's ("CAA") airspace change approval process.
- 1.2.7 As further explained in Chapter 9, nothing in this Relationship Framework Document is intended to or shall require the Secretary of State to exercise his functions other than in accordance with the law or to fetter his discretion to have regard to all the relevant circumstances in the exercise of such functions. The Government recognises the vital importance of having kept and keeping an open mind throughout the NPS and DCO processes, and also of ensuring that it is seen to have an open mind.

1.3 Role of the Department for Transport

- 1.3.1 The Department will act as an enabler and facilitator of the Programme, insofar as it can do so consistently with wider legal requirements (as further described in Chapter 9) and the need to ensure that policy-making takes account of all relevant considerations.
- 1.3.2 The Government's role in relation to the Programme is that of both enabler through the exercise of its public functions and (including but without limitation) as public policy maker in relation to the planning and policy process in relation to additional airport capacity, wider airspace management and related policy areas such as surface transport planning and/or environmental regulation. Heathrow and the Secretary of State each acknowledge that, in the context of the Scheme itself, the Government is not a procurer of works, services and/or goods, whether from Heathrow or otherwise. It is now for Heathrow to develop the detail of the Scheme and to apply for development consent.
- 1.3.3 As further described in Chapter 9, Government also has a broader role which includes developing and providing policy and regulatory policy direction, promoting legislation and exercising public functions.

1.4 This Relationship Framework Document and any DCO application process

- 1.4.1 The NPS confirms that it is Government policy that there is a need for new airport capacity in the South East of England by 2030 and that the most effective and most appropriate means of meeting that need is the provision of a Northwest Runway at Heathrow Airport, subject to the terms of the NPS and a decision on any application for development consent in accordance with the Planning Act 2008 and following the requisite environmental impact assessment.
- 1.4.2 The NPS provides the primary basis for decision making on any application for development consent in respect of the Scheme. It establishes whether any application for development consent is within the scope of the NPS (and therefore subject to Government policy in the NPS) and sets out how any application, in particular its effects, should be assessed and the mitigations that must be secured in order to ensure that adverse effects are minimised or mitigated.
- 1.4.3 Heathrow's intended application for development consent for the Scheme will be examined by the Planning Inspectorate. They will assess Heathrow's intended application against the criteria and requirements of the NPS and report the findings of its examination to the Secretary of State. Should other parts of the Programme be promoted by Heathrow under the Town and Country Planning Act 1990 this document also embraces those processes, although they are not referred to separately.

- 1.4.4 The process of any application for development consent will necessarily take a number of years and will not address every important issue, particularly where other legislative regimes apply. Some issues (such as airspace regulation) are managed through other legal processes, whilst other issues are decisions for Heathrow to take as a commercial business. It is also important to note the economic regulatory settlement for Heathrow Airport is governed by an independent regulator (the CAA) and is completely outside of the NPS and DCO processes.
- 1.4.5 Notwithstanding the separate roles and responsibilities the Department and Heathrow have to undertake, Heathrow and the Department will need to work together on a number of these areas that fall outside the NPS and the DCO processes, and to make sure that, whilst that process is ongoing, the Programme is progressing in a timely manner. It is this need that is addressed in this Relationship Framework Document.
- 1.4.6 It should be noted that many important issues are dealt with in the NPS and will be examined through the DCO application process. This Relationship Framework Document therefore does not address these issues substantively because that is a matter for the DCO application process. However, it may in some cases make provision to assist in delivering or securing them. A table setting out further details of how certain issues are addressed in the NPS is set out at Annex 1 to this document.

1.5 Overview of the chapters of this Relationship Framework Document

1.5.1 Chapter 2 sets out the status of Heathrow.

1.5.2 The Secretary of State and Heathrow intend for this Relationship Framework Document to support the Vision and Strategic Objectives set out in Chapter 3 through the means described in Chapters 4 to 7. Each of the chapters is set out as follows:

- **Strategic Objectives:** the overall Strategic Objective (as described in paragraph 3.2) which forms the basis of the relevant chapter.
- **Setting the scene:** setting out the relevant background to the Strategic Objective, and the key principles that underpin this Strategic Objective.
- **Desired outcome:** describes Heathrow and the Department's overall desired outcome from the particular Strategic Objective.

- **Dependencies and deliverables:** identifies key tangible dependencies and deliverables for both Heathrow and the Department that are required in order to secure the Strategic Objective.
- **Governance arrangements:** sets out the agreed governance arrangements and ways of working established to monitor and manage the Strategic Objectives where specific governance arrangements are in place further to those set out in Chapter 8.

1.5.3 Chapter 8 describes the intended governance, coordination and benefits realisation arrangements.

1.5.4 Chapter 9 sets out the status of this Relationship Framework Document. This Relationship Framework Document is not legally binding on the Secretary of State or Heathrow and is subject to the further restrictions and qualifications described in Chapter 9.

Heathrow and the Department will need to work together to make sure that the Programme is progressing in a timely manner



2 Heathrow and the Department's relationship going forward

- 2.1 This Chapter sets out the nature of the relationship between the Department and Heathrow. This particular relationship is needed given the role and position of Heathrow and the national importance of the proposed Northwest Runway scheme at Heathrow Airport, which has received Government policy support and Parliamentary endorsement through the designated NPS.
- 2.2 Heathrow is now proposing to develop and bring forward an application for a DCO. Any such application will be considered under the Planning Act 2008, leading ultimately to a decision on whether a DCO should be made. This process is expected to complete by 2021 (see diagram in paragraph 3.4). In addition, Heathrow will engage with the CAA in respect of both the airspace modernisation process and other economic regulatory processes to be followed in accordance with applicable legislation.
- 2.3 During this period, and in the period until the commencement of operations on the proposed new Northwest Runway and the construction and utilisation of other associated infrastructure, the Department and Heathrow will need to work together on a number of issues, whilst avoiding prejudging any decision on whether to grant development consent.
- 2.4 The Department considers it necessary to have this relationship with Heathrow as the Department believes that Heathrow is currently the only credible promoter that is able to deliver the Scheme in its entirety, either by itself or in collaboration with others¹. Other parties could potentially have a role to play and the Department welcomes Heathrow's search for commercial partners. The Department also recognises, however, the importance of ensuring timely delivery and the need for coordination across all elements of the

Scheme. Further, the Department currently believes that such other parties would be unable to deliver the Scheme entirely by themselves as they would, having regard to the factors below, have to work with Heathrow.

- 2.5 The factors which the Department believes currently make Heathrow the only credible scheme promoter as described above, either by itself or in conjunction with others, include:
- 2.5.1 Heathrow is the owner and operator of Heathrow Airport and of other relevant land required for the Scheme, placing it in a particularly strong position to deliver it;
- 2.5.2 Another party would need to acquire the requisite land or rights over land from Heathrow compulsorily in order to deliver the Scheme, or a part of it. Whilst Heathrow remains committed to delivery of the Scheme another party would find it difficult to establish a compelling case in the public interest in order to acquire the land compulsorily;
- 2.5.3 Since Heathrow is a statutory undertaker in relation to Heathrow Airport under the Airports Act 1986 and section 262 of the Town and Country Planning Act 1990 the compulsory acquisition of its land or rights over its land to enable another party to deliver the Scheme or part of it would be subject to demonstrating to the Secretary of State that this could take place without detriment to Heathrow's undertaking;
- 2.5.4 Were any other party to seek development consent to deliver the Scheme or part of it, building the requisite surface access infrastructure would require Heathrow's acquiescence and collaboration where physical interfaces occur or airport operations might be affected;
- 2.5.5 Were any other party to seek development consent to deliver the runway and/or terminal



infrastructure comprised in the Scheme, this would require Heathrow's acquiescence and collaboration in relation to airport operations and managing interfaces;

- 2.5.6 Were any other party to seek development consent to deliver the Scheme or part of it, Heathrow's acquiescence and collaboration would be required to deliver the noise mitigations expected by the NPS i.e. predictable respite across all three runways;
- 2.5.7 Were any other party to seek development consent to deliver the Scheme or part of it, Heathrow's acquiescence and collaboration would be required to deliver other Scheme-wide mitigation in a coherent and coordinated fashion; and
- 2.5.8 Any application for development consent by a third party would require Heathrow's acquiescence and collaboration in assembling the data necessary to support such an application.
- 2.6 In addition, the Department is aware of significant progress made by Heathrow towards the delivery of the Scheme, which as matters currently stand goes beyond the position of other potential promoters of the Scheme:
- 2.6.1 Heathrow has contractually committed in a blight agreement with the Secretary of State to assume responsibility for managing any statutory blight claims which may be brought following the designation of the NPS;

- 2.6.2 Heathrow has provided assurances to the Department in relation to its ability to privately finance expansion at Heathrow Airport;
- 2.6.3 Heathrow has confirmed that it is able to deliver the Scheme in a timely and efficient manner such as to meet the need for new hub capacity by 2030 described in the NPS;
- 2.6.4 Heathrow has developed and carried out an initial consultation on appropriate topics, including:
- local air quality;
 - community compensation;
 - surface access; and
 - airspace change.
- 2.6.5 Heathrow has confirmed it can fund the Community Compensation Fund required by the NPS;
- 2.6.6 Heathrow has established a Community Engagement Board, which is required by the NPS;
- 2.6.7 Heathrow is a signatory to this document; and
- 2.6.8 The design and intellectual property in the proposed Scheme are vested in Heathrow. Heathrow's detailed design and design options for the Scheme are currently more advanced than those of any other potential promoter of the Scheme, and have already been the subject of public consultation.

¹ Please see Chapter 7 (Connectivity and economy) for further details.



Vision

To secure the UK's future as an outward facing, globally strategic hub for aviation by expanding Heathrow Airport

3 Vision and objectives

3.1 Vision

3.1.1 The Secretary of State and Heathrow have the following vision for the Programme (the "Vision"):

To secure the UK's future as an outward facing, globally strategic hub for aviation by expanding Heathrow Airport

3.1.2 Achieving this Vision will be at the heart of the working relationship between the Department and Heathrow.

3.2 Strategic objectives

3.2.1 The Secretary of State and Heathrow intend to pursue this Vision by securing the joint strategic objectives (the "Strategic Objectives") shown below.

Further background to these Strategic Objectives and how they will be secured in relation to the Programme is set out in Chapters 4 to 7 of this Relationship Framework Document.



3.3 Timeline so far

Key events in the process so far are shown in the timeline below.



3.4 Target timeline

As a result of the Secretary of State designating the NPS in accordance with the Planning Act 2008, Heathrow intends to proceed with the Scheme on the basis of the target dates set out below.





Capacity

Address the shortage of hub airport capacity in the South East through private sector delivery of Expansion at Heathrow Airport by a target date of 2026 and in any event by 2030, including working together to support necessary airspace modernisation

4 Capacity

4.1 Strategic Objective

Heathrow and the Department have the following Strategic Objective for addressing capacity:

Address the shortage of hub airport capacity in the South East through private sector delivery of Expansion at Heathrow Airport by a target date of 2026, and in any event by 2030, including working together to support necessary airspace modernisation.

4.2 Setting the scene

The timely delivery of Heathrow Expansion has an important role in supporting the UK's economic future by addressing the shortage of hub airport capacity in the South East of England.

It is currently Heathrow's expectation that Expansion will provide for at least 260,000 additional air traffic movements per year and allow at least 130 million passengers per year to travel through Heathrow Airport.

The NPS covers development that is anticipated to be required by 2030 as the whole London airports system is forecast to be full by mid-2030s. Heathrow believes that if it receives development consent by 2022 it will start construction soon after and that the new runway can be operational and in passenger use by 2026, and in any event by 2030. This opening date can only be met if Heathrow and the Department work together to deliver their relevant dependencies in respect of:

- **Necessary airspace modernisation:** Modernising the airspace in the South of the UK is overdue in order to create quicker, quieter and cleaner journeys and also essential to create the capacity in the skies to handle the additional flights associated with an expanded Heathrow Airport.

The airspace above us is already struggling to keep pace with the growing demand for aviation. More traffic is being squeezed into the same congested areas of airspace, causing inefficient flight paths that are not optimised to reduce noise and passenger delays, or to maximise resilience. NATS predict that more than one in three flights from all UK airports

will depart over half an hour late by 2030 without airspace modernisation. Modernising our airspace will also be beneficial for local communities affected by aircraft noise and will mean that journeys are quicker, quieter and cleaner.

As part of the Aviation Strategy the Government will now consider whether further policy is required to support the airspace modernisation which will help to realise Heathrow's targeted delivery of an operational runway by 2026. In particular, the Government recognises that there is a key policy challenge to coordinate multiple different airspace changes across different airports. As part of the initial phase of this coordination work the Department has commissioned NATS to produce a feasibility assessment of the potential future demands for airspace of airports in the south of England. This will be subject to assurance by the CAA, before being published later in 2018.

The Government also expects to introduce new arrangements to take forward the delivery of the airspace modernisation programme, including a new governance structure defining and overseeing the overall programme. Airports will need to develop their airspace modernisation proposals in conjunction with each other where there are interdependencies between their airspace designs. The Department and Heathrow recognise that airspace modernisation is needed irrespective of Expansion, and to deliver this the Department and Heathrow expect multiple airports across the South of England will work together to bring forward consultations on their airspace modernisation proposals. It is therefore essential that Heathrow and other airports work closely and collaboratively with each other, including through the London Terminal Manoeuvring Area working group.

The Government will therefore consider through the Aviation Strategy whether it needs to take new powers to require airports to take forward, or to hand over to NATS to take forward, particular airspace changes that are important and necessary for wider airspace

modernisation. In addition, Heathrow will carry out its role in promoting airspace modernisation and engaging with all necessary processes to target an operational runway by 2026.

In addition, the Department and Heathrow will work together to ensure that Heathrow's plans for Expansion and the delivery of the Programme are:

- **Safe, secure and resilient:** The designs Heathrow puts forward will meet the latest safety and security standards. Heathrow also expects Expansion to create opportunities to improve resilience.
- **Close to 2016 charges and financed by the private sector:** The Secretary of State expects that the Scheme will be delivered with airport charges close to 2016 levels as referred to in paragraph 1.2.2.1. The Government and Heathrow also expect that the Scheme will be financed exclusively by the private sector.

To support this, Heathrow will design new terminals and facilities that meet the operational requirements of airlines and can be delivered efficiently (while also mitigating adverse impacts on the local environment, community and the effects on other parties). Heathrow intends to bring forward in its application for development consent the phasing of capacity release to support faster passenger growth, while at all times meeting the environmental and community requirements set out in the NPS.

- **Regulatory framework:** Both the Department and Heathrow will engage, where appropriate, with the CAA (as the independent regulator of the aviation industry) and encourage and support the involvement of the CAA, especially on issues that are important to support an operational runway by 2026 (for example involvement in the development consent process), and with the requirement that the Scheme is financed exclusively by the private sector.

The Government and Heathrow recognise the pivotal role of the independent regulator, the CAA, in facilitating the delivery of Expansion at Heathrow Airport. The CAA's primary duty under the Civil Aviation Act 2012 is to further the interests of present and future users of air transport services (passengers and those having an interest in cargo) regarding the range, availability, cost and quality of air transport services, where appropriate by carrying out its functions in a manner that it considers will promote competition in the provision of airport operation services. In carrying out its functions, the

CAA will have regard to all of its duties under that Act, including consulting with airlines and other stakeholders. The CAA's duties include the need to ensure Heathrow is able to finance the provision of airport operation services at Heathrow Airport, the need to secure that all reasonable demand for airport operation services are met, the need to promote economy and efficiency on the part of Heathrow and the need to secure that Heathrow is able to take reasonable measures to reduce, control or mitigate the adverse environmental effects of Heathrow Airport.

The Secretary of State has also commissioned the CAA to oversee, and report on, engagement between Heathrow and airlines towards delivering a plan for Expansion. The Secretary of State recognises that Heathrow must balance the needs of the airlines with the needs of other stakeholders in developing its plans, but through this engagement the Secretary of State expects industry to continue to work towards delivery of Expansion with airport charges kept close to 2016 levels (as referred to in paragraph 1.2.2.1). This process will have regard to industry leading benchmarking and to the views of the Independent Fund Surveyor. It will also be inclusive of both airlines that operate from Heathrow Airport today as well as those who wish to operate at an expanded Heathrow Airport.

- **Minimise disruption:** Heathrow, by working with Local Authorities, the Department and Highways England, will seek a construction methodology for the Scheme that, whilst providing additional capacity, also leads to minimal disruption for road users, including M25 users and the wider community.

4.3 Desired outcome

The desired outcome of this Strategic Objective and the dependencies and deliverables described below is that Heathrow and the Department work together to manage and mitigate the obstacles to Expansion, ensuring that Expansion at Heathrow Airport is delivered by 2026 and in any event by 2030, in the manner set out above.

4.4 Dependencies and deliverables

Heathrow and the Department will support the Strategic Objective above through the following dependencies and deliverables.

Department

Delivery on time:

The Department will encourage a culture across the Department, wider Government and relevant arm's length bodies to respond proactively and in a timely manner to Heathrow in its development of plans for the Scheme and to the various consent processes involved, in all circumstances without prejudice to the respective duties and functions of the Department, wider Government and such bodies.

Necessary airspace modernisation:

As part of the Aviation Strategy the Department will provide strategic leadership to support the delivery of the airspace modernisation programme with a view to having regard to the targeted runway opening in 2026 and in any event by 2030. Subject to consultation, the Department will also consider whether it is necessary to bring forward relevant powers suggested in the recent Aviation Strategy Call for Evidence to coordinate multiple different airspace changes across different airports subject to parliamentary time. Such support will include working with the Ministry of Defence with regards to the airspace associated with RAF Northolt.

Necessary airspace modernisation:

The Department understands the need for the consultation approach being put forward by Heathrow with regards to airspace modernisation in both a two-runway and three-runway environment and will, to the extent within the Department's control and as appropriate, provide support to this approach. The Department will encourage and support the early and on-going involvement of the CAA in the development of airspace modernisation plans in relation to the Scheme and, where appropriate, in the development consent process.

Early passenger growth:

The Department recognises amongst other things the role which cost efficient design and the phasing of capacity release to support faster passenger growth during the period of highest capital spend could play in supporting the Scheme being financed exclusively by the private sector and delivered with airport charges close to 2016 levels, as referred to in paragraph 1.2.2.1. However, all of these things are subject to the planning process and without prejudice to any eventual Secretary of State decision on a development consent application, following a recommendation from the Planning Inspector.

Heathrow

Delivery on time – consent:

Heathrow will (subject to any matters outside of its control and to the results of consultation), make its intended DCO application in sufficient time for consent by late 2021/2022, to allow delivery of the Scheme by 2026.

Delivery on time – airspace:

Heathrow will (to the extent within its control) promote the required airspace change, engage with the CAA's processes and work collaboratively with other airports to allow for delivery of the Scheme by 2026.

Financed by the private sector:

The Department recognises that Heathrow's financeability is already scrutinised by CAA, global capital markets and credit rating agencies. Heathrow will seek to maintain the Department's confidence in Heathrow's approach to privately funding the Scheme, and its ambition to deliver the Scheme while keeping airport charges close to 2016 levels (as referred to in paragraph 1.2.2.1), by providing further information; the nature, process and timing of which is to be agreed as part of the IPA Routemap process between Heathrow and the Department in due course as the Programme progresses.

Scheme delivery:

Heathrow will keep the Department updated on changes to its construction strategy or the Scheme (including phasing of delivery), particularly if this is likely to cause delay and/or significant disruption.

Minimise disruption – M25:

Heathrow will keep the Department updated with changes to its construction strategy and/or the Scheme that are likely to impact on the M25 and other local roads.



Community & environment

Heathrow Airport will be a better neighbour to local communities, minimising and mitigating environmental impacts at an expanded Heathrow Airport

5 Community and environment

5.1 Strategic Objective

Heathrow and the Department have the following Strategic Objective for addressing community and environmental impacts at an expanded Heathrow Airport: **Heathrow Airport will be a better neighbour to local communities, minimising and mitigating environmental impacts at an expanded Heathrow Airport.**

5.2 Setting the scene

At the heart of the relationship between the Department and Heathrow will be a commitment to give communities a voice and the opportunity to influence the plans for Expansion as they develop.

Effective engagement with communities will be critical to delivery and Heathrow will work collaboratively with its neighbours to deliver plans that are sensitive to local concerns.

A key ambition of Heathrow is to be a better neighbour so that the area surrounding Heathrow Airport is a great place to live. Both Heathrow and the Department agree that Expansion must be delivered in a way which minimises and mitigates the negative effects on the community and the environment both during and after construction of the expanded Heathrow Airport. Similarly, both Heathrow and the Department will work together to ensure that local people can access the greatest possible benefits that Expansion can bring. Improvements to transport links are covered in Chapter 6 and the opportunity for new apprenticeships is covered in Chapter 7.

The NPS sets the tests that Heathrow will need to meet in order to secure development consent, including in relation to noise, carbon emissions, air quality, biodiversity and ecological conservation, open spaces and health. Heathrow is expected in the NPS to bring forward measures for a proposed 6.5 hour ban on scheduled night flights with measures for predictable respite and to meet its public commitments

to guarantee world-class noise insulation and fair compensation for impacted residents.

Expansion also provides a unique opportunity to build a long-term and sustainable positive legacy for Heathrow's neighbours by improving the local environment, creating new green spaces and generating thousands of new jobs and apprenticeships.

Heathrow's consultation and engagement will continue to seek views on how to deliver Expansion in the best way for local communities. The Heathrow Community Engagement Board ("HCEB") has been established to be a focal point for engagement between Heathrow and local communities, to ensure that those communities have real influence on developing Expansion proposals. The Department will engage with the HCEB.

There remain a number of community and environmentally related topics where the Department and Heathrow will need to continue to work together in addition to what is covered by the NPS and which will be addressed as part of, and subject to the outcome of Heathrow's consultations. These include:

Blight

A designated NPS means qualifying owners of property located within the red line boundary of the Scheme may make a claim to the Secretary of State for statutory blight. Compensation would amount to the un-blighted open market value of the property and, if the qualifying criteria are met, a property loss payment of 10% (capped at £61,000) of that open market value. Reflecting the status of Heathrow as set out in Chapter 2, Heathrow and the Department have entered into a contract whereby Heathrow has agreed to assume the Secretary of State's financial liability for any successful claims for statutory blight. In addition, Heathrow has agreed to enhance the terms of its hardship scheme so that applicants need only to market their property for three months prior to submitting a claim. Successful applicants under the hardship scheme will now receive enhanced compensation of the un-blighted market value of the property plus a 25% loss payment, Stamp Duty Land Tax, legal and estate agency fees and reasonable moving costs.



Minimising and mitigating noise

Heathrow's committed goal is to expand Heathrow Airport while affecting fewer people with noise than today. Heathrow's existing approach to noise is based on the International Civil Aviation Organisation Balanced Approach to noise management.

Expansion provides an opportunity to continue to improve and introduce new measures that will drive further improvement. The Department expects Heathrow to bring forward and consult on the form of a night flight ban to be introduced with measures for predictable respite, a noise envelope and other mitigation measures. Heathrow will encourage the world's quietest aircraft and the routing of aircraft higher to reduce the number of people affected by noise. The Department has established a new Independent Commission on Civil Aviation Noise, who will be a key consultee, and whose role will be to ensure that the needs of local communities are properly taken into account when considering the noise impacts of Expansion at Heathrow Airport.

Air quality

Air quality at Heathrow Airport has improved considerably in recent years. However, in some areas outside of the Heathrow Airport boundary, near the main road arteries, air quality remains a concern.

It is non-airport related traffic that is the dominant contributor to poor air quality in the Greater London Zone. Measures set out in the Government's National Air Quality Plan (2017) and measures being introduced by the Mayor of London will bring improvements to air quality. Heathrow is fully committed to playing its part in improving local air quality and managing emissions from Heathrow Airport related sources.

To underline its commitment to deliver Expansion without compromising the UK's ability to meet legal air

quality obligations, Heathrow has set out measures to achieve this including by:

- an ambition to not increase the amount of Heathrow Airport-related vehicle traffic on the road;
- supporting improved surface access that would increase the number of people (both passengers and employees) using public transport; and
- by encouraging and incentivising the use of new technology and cleaner vehicles.

Heathrow has also set out a wide range of further mitigation measures, if required, to reduce road journeys, reduce potential emissions and support more sustainable travel patterns.

This includes the potential introduction of a road user charge or an emission-based access charge.

All these measures are subject to the results of the consultation that Heathrow will carry out before it applies for development consent.

Both local and national Government have a role to play in improving air quality. The Department will engage with Heathrow on the progress it is making to tackle road vehicle emissions, and share relevant analysis, as appropriate.

The Department will, where appropriate, engage with Heathrow on the Government's wider air quality policy. Heathrow will keep the Department updated on progress of its plans.

Carbon and climate change

The Government has a number of international and domestic obligations to limit carbon emissions and the key objective on aviation emissions, as outlined in the Aviation Policy Framework and any successor document, is to ensure that the aviation sector makes a significant and cost-effective contribution towards reducing

global emissions. Subject to the conclusions of the necessary environmental impact assessment (including the consultation on it), Heathrow and the Government have concluded that carbon from flights associated with an expanded Heathrow is consistent with meeting UK climate change policy. Heathrow has committed to working with the Department on climate change emissions and a carbon strategy. The Department will, where appropriate, engage with Heathrow on the Government's wider carbon policy. Heathrow will keep the Department updated on progress of its plans.

Engagement with communities

Heathrow wants communities to participate in informing its expansion plans. A number of engagement forums already exist at Heathrow Airport and have enabled Heathrow to develop a better understanding of the key issues and the impact Expansion will have on the communities they represent.

Both Heathrow and the Department are determined to build on the progress made to date and following the recommendation of the Airports Commission, the HCEB has now been established (as also required by the NPS).

The HCEB will play a key role in ensuring communities, local authorities, interest groups and airport stakeholders can influence Heathrow's Expansion proposals during any application for development consent.

The HCEB is independently chaired and both Heathrow and the Department are committed to working with the HCEB constructively. Heathrow will provide appropriate funding, secretariat and office space for the HCEB, and both the Department and Heathrow will facilitate necessary engagement between the HCEB, Government (including officials and Ministers) and Heathrow's senior management, as appropriate, to ensure that communities really are heard as plans for Expansion develop.

The HCEB is expected also to be a key consultee in the development of a Community Compensation Fund, which is an expectation under the NPS. The Community Compensation Fund is separate from the property compensation schemes (to compensate for effects on property or to allow people to move, where appropriate) and noise compensation schemes (e.g. for insulation). The HCEB will be consulted on the proposed fund as this is developed through the development consent process, including on its scope and duration. This will help to ensure that the fund provides the greatest benefit to the community whilst being proportionate to the environmental impacts of Expansion.

Both the Department and Heathrow will work together, as appropriate, to ensure that communities have a real chance to influence plans and are part of the successful delivery of this Programme.

5.3 Desired outcome

The desired outcome of this Strategic Objective and the dependencies and deliverables described below is to ensure that, wherever possible, potentially negative impacts on the community and the environment of the Expansion of Heathrow Airport, including on air quality, climate change, and local environment and noise, will be minimised or mitigated in accordance with the requirements of the NPS. In many areas, Heathrow has set itself the target of exceeding the requirements of the NPS where it can: it will aim to be a better neighbour dealing fairly and properly with everyone affected by the Expansion at Heathrow Airport, resulting in a fair outcome for communities. Heathrow also wants its local communities to benefit from new transport and employment opportunities, which are covered in Chapters 6 and 7 respectively.

5.4 Dependencies and deliverables

Heathrow and the Department will support the Strategic Objective above through the following dependencies and deliverables:

Department

Air quality:

Both local and national government have a role to play in improving air quality and will take action to address this. The Department will engage with Heathrow on the progress it is making to tackle road vehicle emissions, and share relevant analysis, as appropriate.

Climate change:

The UK's obligations on greenhouse gas emissions are set out under the 2008 Climate Change Act and both Government and Heathrow have a role to play in ensuring the UK meets its obligations. The Department will keep Heathrow appropriately informed on the development of the government's approach for tackling UK aviation's carbon emissions to 2050 in the forthcoming National Aviation Strategy.

Noise:

The Department will keep Heathrow informed, as appropriate, on the development of the Department's approach to managing aviation noise in the forthcoming Aviation Strategy.

Heathrow

Air quality:

Heathrow will continue to develop a scheme that meets the tests of the NPS with regards to Air Quality, and discuss collaboratively with the Department its plans as they emerge, in particular with regards to any emissions charging zone.

Climate change:

Heathrow will work with Government and the CAA to consider the legal framework that may be needed to implement incentives on airlines to use fuel-efficient and lower carbon planes and to prioritise sustainable operations at Heathrow Airport.

Heathrow will establish a Centre of Excellence for sustainability at airports and in the wider aviation sector and set an ambition to become a sustainable, zero carbon airport. Heathrow will seek to understand and help reduce the carbon impact of the Heathrow Airport supply chain and aspires to make all infrastructure at Heathrow Airport carbon neutral by 2050 and power Heathrow Airport with 100% renewable electricity.

Noise:

Heathrow will work closely with ICCAN and with the HCEB to ensure that its operating procedures for an expanded Heathrow Airport and proposals for airspace change, minimise and mitigate adverse effects on health and quality of life from noise, and will keep the Department updated on its plans as they emerge. Heathrow will liaise (to the extent appropriate) with the Department on the details of the ban on scheduled night flights and predictable respite measures.

5.5 Specific governance arrangements relating to communities and the environment

In addition to the governance arrangements set out at Chapter 8, Heathrow will:

- work with the HCEB to ensure that the local community has an influential voice in the development of Expansion proposals; and
- continue to work with the Heathrow Strategic Planning Group (a group bringing together a range

of public bodies and stakeholders responsible for the geographic area most directly impacted by the operation of an expanded Heathrow Airport, and who wish to work together to achieve shared objectives) to implement a joint sustainability vision for the local community and ensure local authority inputs are received and the Department will (to the extent appropriate) encourage participation by all relevant Government bodies in the Strategic Planning Group.





Surface access & M25

Optimise sustainable passenger journeys to and from Heathrow Airport, fully integrated with local and national transport networks

6 Surface access and M25

6.1 Strategic Objective

Heathrow and the Department have the following Strategic Objective for addressing surface access arrangements in respect of Expansion and works to the M25: **Optimise sustainable passenger journeys to and from Heathrow Airport, fully integrated with local and national transport networks.**

6.2 Setting the scene

The Department and Heathrow's shared vision is that access to and from Heathrow Airport by road, rail, public transport and other emerging technology is world class, efficient and reliable for passengers, freight operators and people that work at Heathrow.

Both the Department and Heathrow will work together to help facilitate a significant increase in the number of journeys made to and from Heathrow Airport by sustainable modes of transport. The more passengers travelling by sustainable transport, the less impact Heathrow Airport has on local air pollution.

Heathrow is currently developing its detailed plans for achieving the mode share targets and other surface access requirements set out in the NPS, looking at interventions such as airport access charges, drop off charges and more efficient use of taxis. Heathrow has made a number of public commitments which support this objective, including the additional ambition to deliver Expansion without increasing the overall volume of Heathrow Airport related road traffic when compared with 2017 levels.

Current public transport upgrades

The Programme will be supported by a significant number of public transport upgrades that are currently planned regardless of whether Expansion takes place, but which may be augmented to support the Expansion of Heathrow Airport:

- **Elizabeth Line** – from May 2018, Transport for London (“TfL”) commenced operations to Heathrow Airport (Terminals 2, 3 and 4), taking over from the current Heathrow Connect service. From December

2019, six trains per hour will run from Heathrow Airport directly to central London and beyond. Heathrow, the Department, TfL and Network Rail are also conducting a joint feasibility study into increasing the frequency of the Elizabeth Line service to eight trains an hour by the mid-2020s.

- **Piccadilly Line** – TfL plans to upgrade the Piccadilly Line with new trains, providing 60% more capacity and a faster more frequent service.
- **HS2** – will connect to Heathrow Airport via an interchange at Old Oak Common providing an express route to the Midlands and the North from 2026.
- **The M4** – will be upgraded to a ‘smart motorway’ between junctions 3 and 12 to provide additional capacity. Enabling works have commenced in relation to this upgrade.
- **Western Rail Link** – is planned to allow passengers to travel directly from Reading and Slough to Heathrow Airport and through to London. Subject to obtaining necessary consents, this could be completed in time to contribute to the mode share targets for Expansion. The Department is assessing possible combinations of private and public funding, financing and delivery for both the Western Rail Link and the Southern Rail Access and commenced a market sounding exercise to support this assessment on 8 May 2018.
- **Southern Rail Access** – the Department will continue to develop plans for potential Southern Rail Access. The scheme is at an early stage of development and the Department and Heathrow are to set, in conjunction with relevant third parties, shared outcomes and objectives for its development. Market sounding is underway as detailed above in relation to the Western Rail Link.
- **Heathrow Express** – will continue to run fast, non-stop rail service between Heathrow Airport and London with the introduction of a new dedicated fleet of trains to be introduced by December 2019. There will be four Heathrow Express trains per hour serving Terminals 2, 3 and 5.



The Department and Heathrow's shared vision is that access to and from Heathrow Airport by road, rail, public transport and other emerging technology is world class, efficient and reliable for passengers, freight operators and people that work at Heathrow

The Department, Heathrow, Highways England and Network Rail are working together, as appropriate, to progress plans for these and the schemes and works referred to below. In order to do so, all parties will need to engage constructively with each other, including sharing relevant analysis as appropriate.

M25 and local road works

In addition, works and changes to the M25 and local roads including the A4 and A3044 will be essential to allow the construction of the new runway across the motorway.

Costs of works

The Department's approach to funding and contributions is currently set out in the 2013 Aviation Policy Framework², DfT Circular 02/2013, the National Networks NPS and the NPS. As the NPS states, the Government expects the applicant to secure the upgrading or enhancing of road, rail or other transport networks or services which are physically needed to be completed to enable the Northwest Runway to operate. This includes works to the M25, local road diversions and improvements including the diversion of the A4 and A3044, and on-airport station works and safeguarding. The Government recognises that there may be some works which may not be required at the time the additional runway opens, but will be needed as the additional capacity becomes fully utilised. Where a transport scheme is not solely required to deliver airport capacity and has a range of other beneficiaries, the Government, along with relevant stakeholders will consider the need for a public funding contribution alongside an appropriate contribution from the airport on a case by case basis.

The Department's ability to provide funding or contributions is: (i) dependent upon an acceptable business case (taking into account the wider economic benefits) and the affordability of any such improvements, and (ii) constrained by the laws prohibiting or restricting state aid as well as the Government's aviation policy in place from time to time.

The amount of any contribution for surface access schemes that can be included in Heathrow's regulated asset base is subject to the approval of the CAA given in accordance with its policies. Heathrow is proceeding on the assumption that its funding of, or contributions to, surface access schemes and M25 and local road works will be approved for inclusion in the regulated asset base.

Bus and coach

Heathrow will also work with other transport authorities and providers to plan and facilitate improvements to local area bus services and national coach services to and from Heathrow Airport, and the introduction of appropriate technologies and innovations to support their use.

6.3 Desired outcome

The desired outcome of this Strategic Objective and the dependencies and deliverables described below is that access to Heathrow Airport by road, rail and public transport is delivered in a way which minimises the impact to the surrounding communities and the environment and provides efficient, reliable and sustainable surface access for passengers, freight operators and employees of Heathrow Airport, in accordance with, and where possible surpassing, the requirements of the NPS.

6.4 Dependencies and deliverables

Heathrow and the Department will support the Strategic Objective above through the following dependencies and deliverables:

Department

Government agencies:

The Department will work with its Government agencies to encourage appropriate engagement in Heathrow's surface access strategy.

Investment plans:

The Department will, as appropriate, inform Heathrow of any relevant and material changes to surface access investment plans or schemes which may affect Expansion.

Rail projects:

In developing and assessing proposals for structuring and delivering increased heavy rail provision to Heathrow Airport, which could include Western Rail Link and Southern Rail Access, the Department will have regard to the interdependencies and opportunities from aligning with airport Expansion.

Engagement with Network Rail and Highways England:

Where appropriate, Heathrow will continue its close engagement with Network Rail and Highways England, in line with appropriate governance arrangements for Expansion agreed with the Department, and will keep the Department informed in respect of developments.

Interfaces with other surface access projects:

The Department and Heathrow will work together to identify the interfaces between Expansion projects and those being developed outside of the Programme and will also work collaboratively to resolve any potential conflicts.

Heathrow

Surface access strategy:

Heathrow to keep the Department appropriately updated as to the development and content of its surface access strategy, including providing reports against milestones.

Government agencies:

Heathrow to set out clearly and in good time any support it believes it needs from the Department, including support in engaging other government agencies.

Funding case:

Heathrow will put forward a positive case to the CAA (with appropriate input from and visibility for the Department) for the funding that can be included within Heathrow's regulated asset base in respect of both the Western Rail Link and Southern Rail Access.

² The 2013 Aviation Policy Framework is being updated by the Department's Aviation Strategy



7 Connectivity and economy

7.1 Heathrow and the Department have the following Strategic Objectives for addressing domestic and international connectivity across the UK and internationally through Heathrow Airport to achieve the economic benefits brought by Expansion.

7.2 Connectivity strategic objective

Enhance Heathrow Airport as a globally strategic hub that generates competition and benefits passengers and trade across the UK through increased connectivity.

7.3 Economy strategic objective

Expansion at Heathrow Airport drives economic growth, skills and employment across the country.

7.4 Setting the scene

Heathrow Airport is a cornerstone of the UK economy. For 70 years, it has connected the UK to the world, driving growth, jobs and new opportunities for every region and nation. Expansion will add new connections to emerging markets in Asia and the Americas as well as doubling Heathrow Airport's freight handling capacity – helping UK businesses compete for customers and tourists in every corner of the world. Above all else, Heathrow Airport is a national asset. The decision to expand Heathrow Airport was a decision to strengthen and deliver new domestic routes and connect more of the country to fast growing markets around the world.

The UK's aviation industry is worth £22bn to our GDP, and supports half a million jobs across the country. As the UK's only hub airport, and one of the country's largest employment sites, Heathrow Airport today plays a critical and unique role for the aviation sector and the UK's economy as a whole. By providing the frequent long-haul trade routes which are enabled via a hub, Heathrow Airport allows UK businesses to get their goods out to global markets, and helps to attract tourism and inward investment to communities across the UK.

Heathrow Airport has been at capacity for the last decade; Expansion will mean new direct connections to key emerging markets which the UK's businesses cannot reach directly today. Expansion at Heathrow Airport will be key to supporting a global UK, helping the UK to seize the opportunity to become an even more outward-looking country, deepening its trade relations with countries around the world.

Increased international connectivity, new domestic routes and the boost in trade means Expansion at Heathrow Airport will unlock significant growth across the UK. It is important that Heathrow and the Government work together to ensure that those economic benefits are maximised and are felt both at a local level and across the UK.

To realise this aim, the Department and Heathrow will work together in at least six areas:

1 Improving domestic connectivity

Expansion can unlock the opportunity for other UK cities to have direct access to Heathrow Airport, one of the most significant global aviation hubs in the world. The economic benefits that flow to these cities is forecast to be significant, with a step-change in connectivity to new markets expected to lead to new inward flows of foreign investment and inbound tourism. Even those routes that exist today can benefit from increased frequencies and new airline competition, helping to increase choice and bring down fares. In particular, the Government has been clear that Expansion of Heathrow Airport should benefit the whole of the UK, connecting the regions and nations. This means protecting existing domestic connectivity from Heathrow Airport as well as enhancing it through the establishment of new routes.

Ultimately it will be for airlines to determine where to fly and they will only do so if routes are viable and desirable to fly. The Government and Heathrow have the ability to influence how desirable these routes are for airlines to operate. Moreover, both the Government and Heathrow recognise that domestic connectivity is an area where the engagement of other UK airports,

Connectivity and economy
Enhance Heathrow Airport as a globally strategic hub that generates competition and benefits passengers and trade across the UK through increased connectivity
Expansion at Heathrow Airport drives economic growth, skills and employment across the country



The aviation sector has a vital role in delivering the Government's Industrial Strategy; boosting productivity and efficiency and creating new jobs across the UK



local authorities, devolved governments and those airlines interested in operating domestic routes can influence the outcome for the better.

2 Connecting to international markets

While Heathrow Airport has been full the UK has fallen behind our European competitors in establishing direct links to international markets like China and South America. Expansion at Heathrow Airport is an opportunity to overtake other countries and establish new connections to growing cities. Direct connectivity will prompt new investment, tourism and exports across the UK.

However, access to these growing markets will not happen unless routes are commercially desirable for airlines to operate. As with domestic connectivity, the Government and Heathrow have the ability to influence the decisions that airlines make.

3 Increasing airline competition

Expanding Heathrow Airport will create the capacity for Heathrow Airport's existing airlines and others to grow, providing new competition and increased frequency on short and long-haul routes as well as new destinations. This will give passengers a greater choice of routes and carriers to travel with, as well as delivering lower fares compared to no Expansion taking place.

The Government and Heathrow can influence the likelihood of new airlines flying from Heathrow Airport by ensuring Heathrow Airport's design suits the operational needs on non-incumbents. Government will also consider how slot release regulations can support greater competition.

4 Freight

Heathrow Airport is the UK's biggest port (by value) when it comes to trading with countries outside of Europe. Over £100bn worth of imports and exports with countries outside the EU (2016) were shipped through Heathrow Airport, mostly in the hold of

passenger planes. This helps UK businesses reach customers across the globe.

Expansion will allow Heathrow Airport to double its cargo handling capacity and create a faster, more efficient supply chain for British businesses to reach their global customer base. It will create new connections, meaning new markets for British products – supporting jobs and growth across the UK.

Heathrow will continue to invest in its freight facilities, ensuring that UK businesses have timely and predictable deliveries to a network of destinations across the world.

5 Leaving a skills legacy

Heathrow Airport is not just an airport – it is a workplace too. Over 76,000 people work at Heathrow Airport, making it one of the largest single-site employers in the country and a living wage employer – the first UK airport to be certified by the Living Wage Foundation.

Expansion offers the opportunity to create new jobs at Heathrow Airport and boost the number of apprenticeships, in particular. Heathrow has committed to doubling the number of apprenticeships to 10,000 by 2030, offering young people the opportunity to take their first step towards a rewarding career at Heathrow Airport. This could support the elimination of youth unemployment in the five boroughs closest to Heathrow Airport.

While there is a focus on engaging young people with employment opportunities, a complex infrastructure project such as Expansion at Heathrow Airport provides the opportunity to build long-term careers at Heathrow Airport. Heathrow has committed to being an inclusive employer and supporter of diversity amongst its workforce, with the ambition to reflect diversity at every level of its workforce by 2025.

To support this, Heathrow has set up a Skills Taskforce, bringing together schools, colleges, universities, unions,

local authorities and the voluntary and private sectors to help inform its future education, employment and skills strategy. Heathrow will keep the Department updated on its implementation and continue to work closely with the Strategic Transport Apprenticeship Taskforce, maintaining its focus on apprenticeships and sharing good practice within the transport sector.

The Government announced in the Industrial Strategy (<https://www.gov.uk/government/publications/industrial-strategy-building-a-britain-fit-for-the-future>) that it was backing the aerospace sector and its strengths in productivity and innovation to secure a share of the growing global market. The Aerospace Growth Partnership, a strategic partnership between the Government and industry, is focused on helping shape and influence a business environment that tackles barriers to growth, boosts exports and grows high value jobs for the UK aerospace sector.

The aviation sector has a vital role in delivering the Government's Industrial Strategy; boosting productivity and efficiency and creating new jobs across the UK. It is important to ensure that there is the necessary investment in the skills the UK needs for the future.

6 Supply chain across the UK

Small to Medium-Sized Enterprises ("SMEs") from across the UK already play a crucial role in Heathrow Airport's supply chain – with Heathrow Airport currently spending up to £1.5 billion annually with more than 1,400 SMEs and suppliers from across the country and in the local communities surrounding Heathrow Airport. With Expansion, Heathrow is looking to grow its network, connecting with new suppliers from all over the UK – it is a huge opportunity for UK SMEs to win contracts for Europe's largest privately funded infrastructure project.

Heathrow Airport will be one of the first major infrastructure projects in the UK to pioneer the large-scale use of logistics hubs – aiming to build as much of

the project off-site as possible. The hubs will work by pre-assembling components off-site before transporting them preferably and as far as possible by rail in consolidated loads to Heathrow Airport just as they are needed. This method will boost the project's efficiency and cut emissions by transporting components to site in fewer lorries and trucks.

This innovative approach will help Heathrow find and partner more efficiently with UK suppliers. More importantly, it will leave a legacy of construction excellence in communities across the UK for the next generation. Government will engage appropriately with Heathrow in understanding how logistics hubs can drive job and growth creation throughout the UK during the construction period.

In addition, Heathrow has asked UK business leaders and entrepreneurs to share innovative ideas as to how to deliver Expansion. Those with innovative solutions that will improve customer service, drive cost efficiencies, grow revenue targets and meet sustainability targets will be asked to register an expression of interest. From there, a shortlist will be created where business cases are submitted. Final future partners will then be asked to pitch their ideas to Heathrow, which will also be assessed by an independent panel and which could see decisions made in the appointment of new commercial development partnerships.

7.5 Desired outcome

The desired outcome of these Strategic Objectives and the dependencies and deliverables described below is the delivery by Heathrow of its public commitments to increase domestic and international connectivity while delivering greater airline competition and to ensure that the economic benefits associated with Expansion at Heathrow Airport are fully realised.

7.6 Dependencies and deliverables

Heathrow and Government will support the Strategic Objectives above through the delivery of the following dependencies and deliverables.

Department

Domestic connectivity:

Government will review how it can support the viability of domestic routes by studying the route economics of a number of UK routes and will take action to secure those which are underserved through the use of Public Service Obligations (PSOs) – this includes ring fencing appropriately timed slots to facilitate onward connectivity.³

Connectivity, APD:

The Department will study the impact that the level of Air Passenger Duty has on potential connections to domestic and international markets.

International connectivity, ASA:

The Department will be mindful of the need for future Air Service Agreements, particularly those that need to be renegotiated after the UK leaves the European Union, to be able to accommodate new routes from an expanded Heathrow Airport.

Airline competition:

The Government will consider as appropriate how the slot allocation process could be harnessed to meet the Government's objectives for an expanded Heathrow Airport.

Heathrow

Domestic connectivity:

Heathrow will continue to discount airport charges for domestic routes and will provide £10m in start-up support for new routes through the Heathrow Route Development Fund. It will keep the Government updated on the impact of both. Heathrow will also ensure that domestic connectivity is appropriately accounted for in its masterplanning and implemented accordingly.

International connectivity:

Heathrow will develop and execute a business development strategy that targets airlines that operate international long-haul routes. Heathrow will also coordinate the appropriate stakeholders, of which the Department is one, to present the strongest possible case to encourage airlines to operate from Heathrow Airport.

Airline competition:

Heathrow will engage new entrants in the masterplanning development process and ensure that their operational requirements are accounted for.

Freight:

Heathrow will develop and execute a business development strategy that targets freight providers to allow Heathrow Airport to double its freight capacity.

Skills:

Heathrow will keep the Department updated on the progress of its Skills Taskforce.

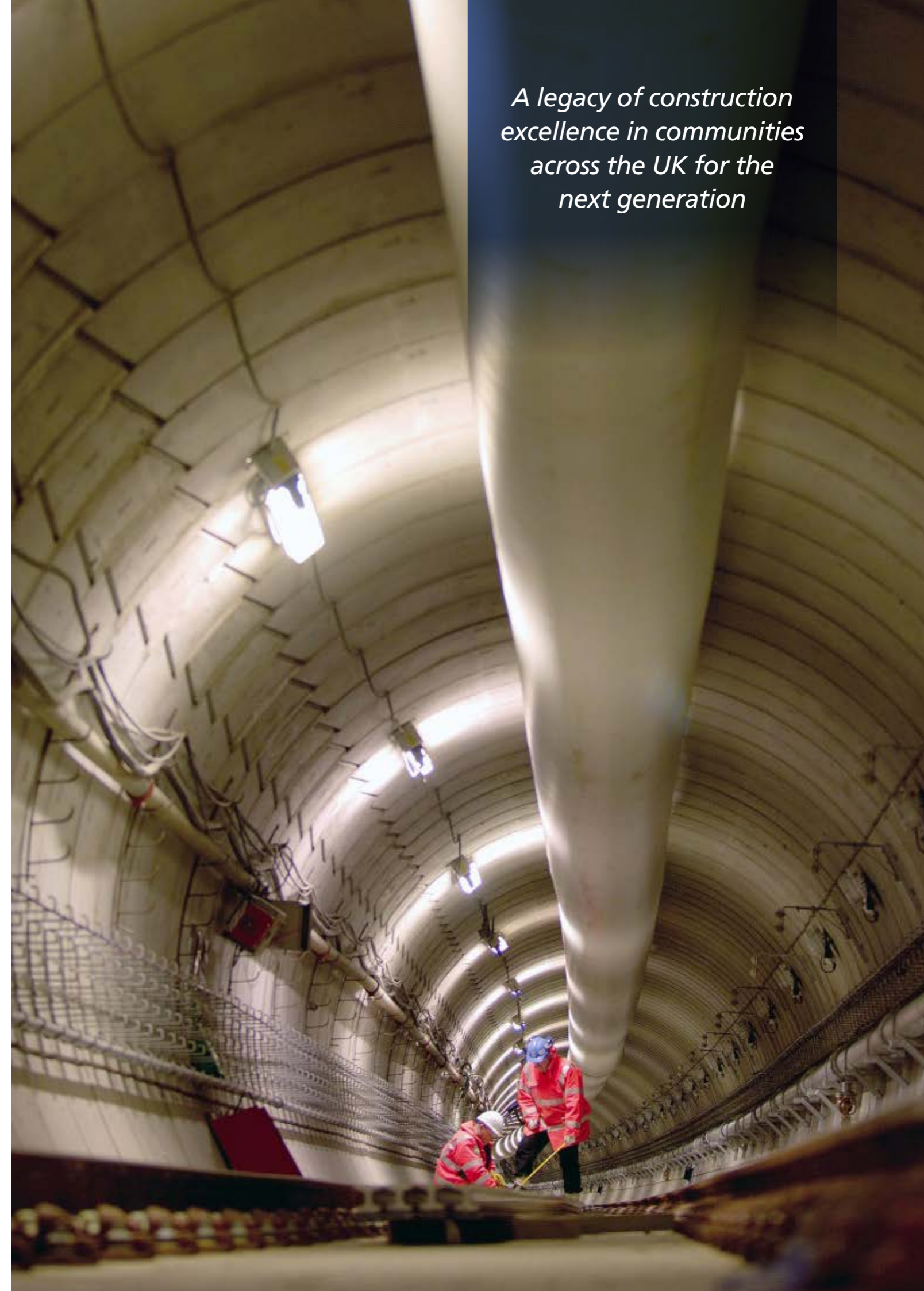
Economy:

Heathrow will continue to engage with business and political representatives from across the country and will announce later this year how this engagement will be strengthened in the lead up to Heathrow's DCO submission.


Domestic connectivity:

Heathrow and the Department will establish a Heathrow Domestic Connectivity Forum to facilitate the multi and bilateral discussions between airlines, airports and other stakeholders needed to make domestic routes viable and desirable for airlines to operate.

*A legacy of construction
excellence in communities
across the UK for the
next generation*



³ Please see the Aviation Strategy for further detail: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/698247/next-steps-towards-an-aviation-strategy.pdf



*A collaborative approach
to engender a shared
sense of responsibility,
accountability, risk
and success*

8 Governance, coordination and benefits

8.1 Governance, coordination and benefits overview

- 8.1.1 The success of the Programme will depend on the Department and Heathrow working effectively together. Both the Department and Heathrow have agreed to do so and will follow the substance of, and principles behind, the governance arrangements in this Chapter 8 which sets out:
- 8.1.1.1 the general behaviours the Department and Heathrow will adopt;
 - 8.1.1.2 the overarching governance, coordination and liaison arrangements that have been established between the Department and Heathrow; and
 - 8.1.1.3 how the benefits intrinsic to the Programme will be managed.

8.2 General behaviours

- 8.2.1 In order to deliver this Programme, Heathrow and the Department will adopt the following behaviours:
- understanding each other's perspectives;
 - challenging themselves and being open to new ideas;
 - communicating openly to foster trust, transparency and honesty; and
 - being clear where the objectives of different parties align and acknowledging where they don't.
- 8.2.2 The Department and Heathrow acknowledge that a collaborative approach to sharing appropriate information and coordinating activity will be fundamental to delivering the Programme in a way which maximises both the benefits and the mitigation of negative effects.
- 8.2.3 Heathrow and the Department will adopt, where appropriate, a collaborative approach to engender a shared sense of responsibility, accountability, risk and success.



Heathrow and the Department recognise that this is a unique Programme that will require both parties to work together to unlock the benefits of Expansion

There are clear benefits to collaborative working. These include:

- 1 A shared understanding of timelines and dependencies to enable effective planning and coordination of activity
- 2 A shared understanding of the current status of delivery against a baseline enabling both Heathrow and the Department to monitor progress
- 3 Clarity on ownership of risks, and agreed ownership of mitigating actions
- 4 Clarity on roles and responsibilities and how Heathrow, the Department, wider Government and other key organisations interact with each other. Explicit recognition of where Heathrow, the Department and wider Government need to collaborate and where (1) Government needs to develop policy or make decisions independently, and (2) Heathrow needs to progress the Scheme independently as a private sector entity
- 5 Shared understanding of communications strategies and stakeholder interests between Heathrow and the Department, ensuring a consistent understanding amongst stakeholders and the public
- 6 Shared vision and objectives that Heathrow and the Department can work towards during the delivery phase of the Scheme, increasing the likelihood of successful delivery
- 7 Equipping the Department with the information necessary to keep Government sufficiently informed about the Scheme, including for the purpose of answering questions from Parliament, whilst respecting the role and position of Heathrow as independent promoter of the Scheme and the need for the Department and Government to act in the public interest
- 8 Identifying any areas where the Department and/or wider Government can provide appropriate support with mitigations or contingencies
- 9 Clarity on responsibility and accountability for Programme benefits and how these will be identified, measured, tracked and reported

8.3 Overarching arrangements and routemap

- 8.3.1 The Infrastructure and Projects Authority's ("IPA") Cost Review⁴ and the National Audit Office report⁵ on delivering major government projects, identified the early stages of projects as a common source of failure on infrastructure projects.
- 8.3.2 The IPA Project Initiation 'Routemap' study process has been introduced to address these issues, with the Department and Heathrow agreeing to undertake this process for the Programme. This has been welcomed by both parties, and both the Department and Heathrow have agreed to take forward the recommendations on joint working resulting from the initial study.
- 8.3.3 The work by the IPA to date has utilised the Project Initiation Routemap methodology, focusing solely on governance and coordination. A full Routemap study will continue from September 2018, recognising that designation of the NPS has now taken place.
- 8.3.4 Heathrow and the Department will implement the below recommendations that have been made following the initial study:
 - 8.3.4.1 the continuation of the Programme Coordination Board ("PCB") (the senior strategic board that the Department, Heathrow and the CAA sit on) and confirming the PCB's role in providing strategic overview;
 - 8.3.4.2 formalising and reviewing the membership and role of sub-boards across the Department, Heathrow and the CAA;
 - 8.3.4.3 for there to be further clarity on roles in relation to future benefits realisation; and
 - 8.3.4.4 for there to be agreement on key information flows to enable ongoing Government assurance of delivery.

8.4 Agreed governance arrangements for the next phase of the programme

Sponsorship and accountabilities

- 8.4.1 Both Heathrow and the Department recognise that this is a unique Programme that will require both parties to work together to unlock the benefits of Expansion. In the absence of a single decision-making body for all elements, this will require a high level of understanding and trust to be built up between both organisations. Ultimately there will however, remain a clear distinction of responsibility between the different parties in terms of delivery of its different component parts having regard to the exercise of functions by Government and that Heathrow is a private sector entity.
- 8.4.2 In addition, Heathrow and the Department recognise the critical role of the CAA, both in the context of being an economic regulator and a regulator of the airspace change process. Both Heathrow and the Department recognise the need for the CAA to remain independent and be unfettered, while also recognising the need, where appropriate, for them to be involved in governance to understand the plans and progress being made on Expansion as they emerge. As such, the CAA will remain – as they are now – a critical part of the coordination, will continue to be invited to the PCB and also all relevant sub-boards, as appropriate.

The role of the PCB going forward

- 8.4.3 The PCB will remain in place in the next phase of the Programme with membership from the Department, Heathrow and the CAA. Its membership will consist of:
 - 8.4.3.1 The Director of the Department's Airport Expansion Directorate;

⁴ <https://www.gov.uk/government/publications/infrastructure-cost-review>

⁵ <https://www.nao.org.uk/wp-content/uploads/2016/01/Delivering-major-projects-in-government-a-briefing-for-the-Committee-of-Public-Accounts.pdf>

- 8.4.3.2 The Executive Director responsible for Expansion at Heathrow; and
- 8.4.3.3 The Chief Executive of the CAA.
- 8.4.4 The PCB will have a role in providing strategic overview of the Programme, coordinating the multiple and complex programmes that are owned by either Heathrow, the Department or a third party, that need to be delivered concurrently so as to enable Expansion to happen efficiently and for the benefits that flow from it to be maximised. This Relationship Framework Document will act as a handbook for the PCB, with Chapters 4 to 7 outlining the complex issues that PCB will need to monitor in the years ahead. The PCB will not be a decision-making body, but will have a remit to make recommendations to the parties so that the decisions they take through their own governance structures are coordinated and undertaken in a timely fashion.
- 8.4.5 The working groups that currently report to the PCB will be reviewed and re-established as sub-boards of the PCB as part of this next stage of the Programme. As part of this, a Delivery Sub-Board will be established. The purpose of this 'Delivery Sub-Board' will be to coordinate and enable progress at a Programme level, with other sub-boards being established to deal with more detailed issues relevant to their respective areas. The intention is that the Delivery Sub-Board would hold the evidence relating to the delivery of milestones and related management information at a Programme level.
- 8.4.6 The PCB will be used to provide early visibility of likely changes to the activities of Heathrow and the Department. In the event of changes affecting the Programme, each party will carry out their own assessments. The Delivery Sub-Board will be responsible for reviewing and analysing these assessments, providing advice for the PCB on the impact of changes and how the consequences could be mitigated. The PCB does not have authority to make decisions on which option to take, but can provide further clarity on options and make recommendations for senior stakeholders in both the Department and Heathrow.
- 8.4.7 In order to support the PCB's strategic role, Heathrow and the Department have agreed to

- establish a new Delivery Sub-Board. This new Sub-Board will:
- hold delivery-focused meetings that support a 2026 target date;
 - be responsible for aggregating and owning the overall baseline and forecast dates for milestones and other management information at a Programme level;
 - monitor the progress of benefits delivery, highlight any trade-offs and escalating to PCB as required; and
 - be responsible for reviewing and analysing impact assessments from both the Department and Heathrow.

It is acknowledged by the Department and Heathrow that the Delivery Sub-Board must be flexible enough to address unplanned and ad-hoc issues as and when they arise. The full suite of sub-boards that will support PCB will be agreed following a detailed review by Heathrow and the Department teams following NPS designation.

- 8.4.8 Both Heathrow and the Department will apply their respective assurance practices to the Programme going forward, and recognise there may be opportunities to open up these practices to each other.
- 8.4.9 The Department will continue to work closely with the IPA and Major Projects Review Group ("MPRG"). From a Government perspective, Expansion at Heathrow Airport will continue to be classed as a Government Major Project, with regular reporting on delivery performance to the IPA as well as formal assurance reviews ahead of key milestones.

8.5 Benefits management

- 8.5.1 Expansion at Heathrow Airport will not be just about delivering an extra runway and additional terminals. A key aim of the Programme will be to ensure that the wider benefits of additional airport capacity – employment, skills, trade, competition, accessibility and connectivity are realised to their greatest potential. Alongside this, disbenefits will also need to be managed, recognising the impacts of airport expansion on the local community.
- 8.5.2 The means by which benefits are maximised is known as "benefits management" and it is

fundamental to successful delivery. It involves identifying, defining, planning, measuring and tracking benefits from the start of the Programme until realisation of the last forecasted benefit.

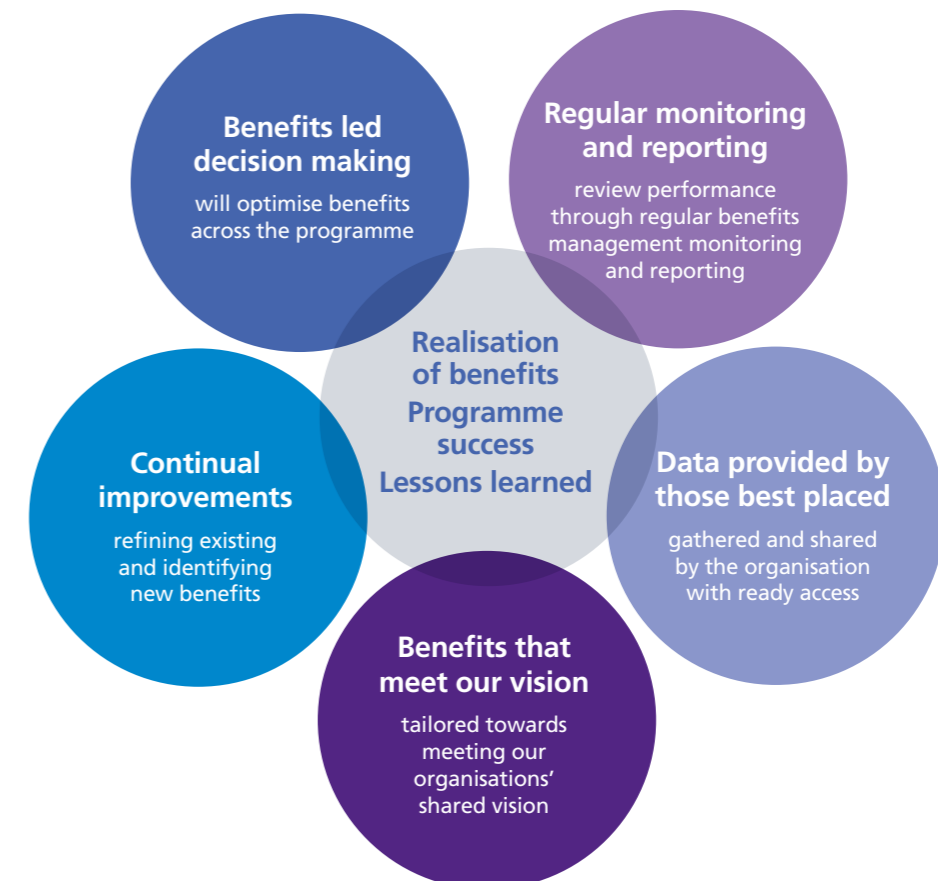
- 8.5.3 This approach will need to allow for evolution, as appropriate, throughout the lifetime of the authorisation, construction and implementation of Expansion.

8.6 Benefits management approach

- 8.6.1 The Department and Heathrow will undertake a full study on benefits management as part of the full Routemap study. This will draw on IPA's best practice guidance on benefits management for major projects and will set out the Programme's overall approach to benefits management, including confirming roles and responsibilities and agreeing processes for measuring, monitoring and reporting.
- 8.6.2 The PCB will be a key forum for managing the realisation of benefits. It will be the forum responsible for coordinating benefits management across the member organisations

that attend, outlining any trade-offs between the realisation of different benefits, championing benefits led decision making and providing recommendations to member organisations to help them better inform decision-making on those trade-offs. It will be for the Delivery Sub Board to monitor and report on progress related to benefits realisation.

- 8.6.3 In advance of this, the Department and Heathrow will agree the benefits the Programme will take forward for benefits management and evaluation planning.
- 8.6.4 Both Heathrow and Government acknowledge that such reporting needs to be sufficiently detailed and frequent to provide the PCB with the ability to operate dynamically, while ensuring that the collation of reports is not over burdensome to those charged with delivering. The Government and Heathrow are considering how best to regularly publicly update on progress and this will include benefits management reporting.





9 Status of the Relationship Framework Document

9.1 Status of the document

Not legally binding

- 9.1.1 This Relationship Framework Document is not legally binding. Heathrow and the Secretary of State acknowledge that this Relationship Framework Document does not have (nor is it intended to have) any legal effect. In particular, Heathrow and the Secretary of State each acknowledge that:
- 9.1.1.1 it does not create any legitimate expectation, whether substantive or procedural, in relation to the exercise of functions by Government and/or any Government agency or other public body (including the CAA);
- 9.1.1.2 the Secretary of State is required to exercise his functions in accordance with public law and this Relationship Framework Document cannot fetter his discretion to have regard to all the relevant circumstances in the exercise of those functions, including the development, introduction and revision of appropriate policies from time to time as further described in paragraph 9.4 below in relation to the Programme;
- 9.1.1.3 this Relationship Framework Document is not legally binding and it does not create, evidence or imply any partnership, contract, obligation to enter into a legally binding or enforceable contract or obligation to carry out, terminate or omit to carry out any action, enter into any negotiations or cease from any discussions with any third parties;
- 9.1.1.4 references in this document to any NPS provisions are not an exhaustive statement of the policy of the Government in relation to the subject matter of this document, airports or generally;
- 9.1.1.5 references to a “dependency” or “deliverable” in this Relationship Framework Document (particularly those relating to the Government)

do not necessarily represent Government policy and do not fetter further decisions in relation to the NPS (or any other Airports National Policy Statement) and/or grant, refusal or consideration of any DCO application;

- 9.1.1.6 Heathrow is a private sector entity and this Relationship Framework Document cannot fetter Heathrow’s discretion to have regard to all the relevant circumstances (including without limitation, the delivery and achievement of dependencies and deliverables referred to in this Relationship Framework Agreement) when taking commercial decisions, in conjunction with its shareholders, in respect of the development and implementation of the Scheme (or, once commenced, to continue to proceed with the Scheme) including having regard to any event or circumstances (including any material adverse changes or continuation of any circumstances) which adversely affects and continues to adversely affect the business and economic climate of the UK and has a direct material effect on the delivery and implementation of the Scheme;
- 9.1.1.7 In addition, Heathrow has assumed economic regulation consistent with adequate risk sharing and long-term, predictable and stable financial returns that are commensurate with the higher risk nature of the investment relating to the Scheme compared to Heathrow’s “business as usual”;
- 9.1.1.8 Heathrow has also assumed privately-funded investment is deliverable with a regulatory determination which ensures that all economically and efficiently incurred costs are included in the regulatory asset base (“RAB”), including, among other things, recovery of costs for planning, noise mitigation, property and community compensation, development costs and costs in meeting any requirements of the NPS by Heathrow; all reasonably incurred expenditure in relation to surface access

and environmental matters by Heathrow and any reasonably incurred expenditure for maintaining support for and progressing Expansion by Heathrow. Heathrow's case assumes that contributions such as those relating to surface access schemes, environmental and/or community measures remain affordable;

9.1.1.9 Heathrow has further assumed that the regulatory framework determined by the CAA will provide an appropriate level of assurance of the long-term, predictable, stable and adequate returns for key elements of the Expansion and does not materially change any of the relevant assumptions Heathrow has made in its current funding and financing plan (as such assumptions are applicable to the current Scheme) in the event the Scheme progresses. Heathrow's commercial decision on whether or not to proceed with investment related to Expansion is dependent on a regulatory settlement that is consistent with these factors and on terms and conditions which Heathrow's shareholders view as a commercially viable basis upon which to take forward investment; and

9.1.1.10 this Relationship Framework Document does not give either Heathrow or the Secretary of State any right to a claim for damages, losses, liabilities, costs and/or expenses or other relief howsoever arising if, for whatever reason, Heathrow's Scheme does not proceed or for any other reason, provided always that Heathrow reserves all of its rights in the event of the withdrawal of the Government's support for Expansion at Heathrow Airport.

Duration of Relationship Framework Document

9.1.2 Without limiting paragraph 9.1.1 above, the Secretary of State and Heathrow each acknowledge they will need a relationship, as set out in this Relationship Framework Document, throughout the Expansion delivery period to ensure benefits are maximised. This Relationship Framework Document outlines the beginning of that relationship in the period leading up to commencement of construction of the new runway, and both the Secretary of State and Heathrow each acknowledge there may be a need to update the relationship set out in this Relationship Framework Document as the construction programme progresses. The Secretary of State and Heathrow may therefore agree together to refresh and amend the contents of this Relationship Framework Document to reflect key milestones during delivery of the Scheme in accordance with paragraph 9.1.3 below.

Refresh and amendment of Relationship Framework Document

9.1.3 The Secretary of State and Heathrow may agree to refresh this Relationship Framework Document (including discussing and agreeing in writing any amendments to this document) as reasonably considered necessary for the development and/or implementation of the Scheme by Heathrow and/or the Secretary of State and achievement of the Vision and Strategic Objectives. Either the Secretary of State or Heathrow may propose such amendments from time to time for the other to consider.

Freedom of Information

9.1.4 Heathrow acknowledges that the Freedom of Information Act 2000 (as amended from time to time) ("FOIA") and Environmental Information Regulations 2004 (as amended from time to time) ("EIR") provide a statutory right of access to information held by or on behalf of public authorities such as the Secretary of State and his representatives. FOIA and EIR apply to all information that the Secretary of State holds (and in the case of Heathrow in relation to certain applicable information held by Heathrow where the EIR applies) and makes no distinction about who originated it.

9.1.5 Heathrow acknowledges that requests for information under FOIA or EIR received by the Secretary of State (and in the case of Heathrow, information held by Heathrow subject to EIR) will be responded to in accordance with the requisite time frames and that whilst there are exemptions and exceptions in FOIA and EIR that can protect commercially sensitive information, these are qualified and not absolute.

9.1.6 Heathrow has, therefore, been invited to identify which parts, if any, of any information or documentation it provides from time to time to the Secretary of State are provided in confidence or are commercially sensitive or which may be subject to any other provision of FOIA or EIR, such that they may be exempt from disclosure under FOIA or EIR (as applicable).

9.1.7 Heathrow acknowledges that even where it has indicated that information is commercially sensitive or otherwise exempt from disclosure under FOIA or EIR, the Secretary of State may be required to disclose it under FOIA and/or EIR (and in the case of Heathrow, information held by Heathrow subject to EIR, the Secretary of State acknowledges that Heathrow may be required to disclose such information). The Secretary of State will consult with Heathrow to ascertain the degree of harm that would arise from disclosure and whilst Heathrow's views will be taken into consideration the ultimate decision lies with the Secretary of State. The Secretary of State shall not be deemed (nor shall Heathrow be deemed in respect of information subject to EIR held by Heathrow) to have accepted any duty of confidence by virtue of receipt of any material marked "OFFICIAL - SENSITIVE - COMMERCIAL" or "Commercially Sensitive" or any equivalent.

9.2 Statement of Principles

9.2.1 The Secretary of State and Heathrow agree that this Relationship Framework Document supersedes and replaces, in its entirety, the Statement of Principles agreed between the Secretary of State and Heathrow on 25 October 2016 which on the date of this document now ceases to be relevant ("the SoP").





9.3 Status and role of the Secretary of State and CAA

- 9.3.1 The CAA is the regulator of airport operators under the Civil Aviation Act 2012 (the “2012 Act”). Heathrow acknowledges that the CAA is required by law to act independently in the exercise of its functions, and that the CAA is required to review and conduct its assessment of the Scheme and develop the regulatory treatment of it in accordance with its duties under the 2012 Act, including consulting with airlines and other stakeholders. In particular, nothing in this Relationship Framework Document can and/or will fetter the CAA’s exercise of its discretion in the exercise of those functions in relation to the Scheme from time to time.
- 9.3.2 The Secretary of State has commissioned the CAA to oversee, and report on, engagement between Heathrow Airport and airlines towards delivering a plan for Expansion. Through this engagement the Secretary of State expects industry to continue to work towards delivery of the ambition to expand Heathrow with airport charges close to 2016 levels (as referred to in paragraph 1.2.2.1).

9.4 Restrictions

- 9.4.1 Whilst the Government has announced its preferred scheme for providing required airport capacity in the South East of England and is co-operating with Heathrow in taking forward further work (including this Relationship Framework Document), this is

without prejudice to and in no way prejudices the outcome of any further decisions in relation to the NPS (or any other Airports National Policy Statement) and/or grant, refusal or consideration of any DCO or planning application and/or any revised or updated Aviation Strategy and/or any decision whether or not to call in an airspace change proposal under the Air Navigation Guidance 2017 and/or any decision on an airspace change proposal following such a call-in. The Government recognises the vital importance of keeping an open mind throughout the process, and also of ensuring that it is seen to have an open mind (please see propriety requirements described in paragraph 9.5 below).

- 9.4.2 Nothing in this Relationship Framework Document is intended to or shall require the Secretary of State to exercise his functions other than in accordance with the law or to fetter his discretion to have regard to all the relevant circumstances in the exercise of such functions, including the introduction of appropriate policies from time to time.
- 9.4.3 Nothing that is said or done on behalf of the Secretary of State whilst co-operating with Heathrow in the further development of Heathrow’s Scheme shall create any legitimate expectation or other legal entitlement on the part of Heathrow or any other interested party as to how any decisions for Government will be made, or the process, timing or substance of such decisions.

9.5 Propriety

- 9.5.1 The Government has a strong policy interest in ensuring the delivery of additional airport capacity in the South East of England (as set out in the NPS). At the same time the Secretary of State is under a duty to behave fairly (“quasi-judicially”) in his decision making on any application for a DCO. As such he must follow a robust process and act, and be seen to be acting, fairly and even-handedly, so as to bring an unbiased, properly directed and independent mind to his decision making. With that in mind, this paragraph 9.5 sets out the propriety principles and arrangements governing the working relationship between the Department and Heathrow following the designation of the NPS. It sits alongside the governance arrangements and general behaviours set out in Chapter 8 and covers activity relating to the delivery of the Programme and the progression of any DCO application. It is not intended to be an exhaustive list, rather a framework of guidelines for the Department and Heathrow to work within.
- 9.5.2 The standards of conduct expected of ministers and officials and how they both discharge their duties, are set out in the Ministerial Code⁶ and Civil Service Code⁷ respectively. The MHCLG guidance: *Guidance on Planning Propriety Issues*⁸ also concerns propriety issues that can arise when the Secretary of State exercises decision-making under planning legislation. Whilst it is aimed at Ministers in MHCLG, it may be equally applicable to ministers in the Department, as the Secretary of State for Transport is the minister by or on behalf of whom decisions on any DCO application are taken. The guidance also includes consideration of the position of ministers and officials in other departments.
- 9.5.3 Set out below are the propriety arrangements that will cover the period from the designation of the NPS up to decision making on a DCO application process:
- 9.5.3.1 Although the Airport Capacity Programme team and Heathrow will work closely together on delivery issues, Heathrow will never seek any guarantees or assurances from the Airport Capacity Programme team or the ‘decision making minister’s team’ (i.e. the decision making minister and officials working for that minister, the Department’s Transport and Works Act Orders Unit (“TWAOU Unit”) and the Department’s Legal Advisers) that their planning application, or any aspect of it, will be successful or otherwise.
 - 9.5.3.2 If necessary to comply with the principle that ministers should not take part in a planning decision on which they have previously expressed views, another minister within the Department who has no direct responsibility for the Airport Capacity Programme (“the decision making minister”) will handle and make decisions on any application for a DCO on behalf of the Secretary of State.
 - 9.5.3.3 The Airport Capacity Programme team will advise ministers (other than the decision making minister) on general policy matters related to delivery of the Programme, and engage with Heathrow on delivery matters.
 - 9.5.3.4 The decision making minister’s team will advise the decision making minister on any application made for a DCO and will handle the processing of the decision making minister’s decision on the application. The TWAOU Unit will seek legal advice from a team separate to the legal team advising the Airport Capacity Programme team.
 - 9.5.3.5 The Airport Capacity Programme team will maintain separation from the decision making minister’s team.
 - 9.5.3.6 Information relating to an application or a potential application for a DCO will not be shared by the decision making minister’s team with the Airport Capacity Programme team.
 - 9.5.3.7 The legal team advising the Airport Capacity Programme team will maintain separation from the legal team advising the decision making minister’s team.

⁶ <https://www.gov.uk/government/publications/ministerial-code>
⁷ <https://www.gov.uk/government/publications/civil-service-code>
⁸ <https://www.gov.uk/government/publications/planning-propriety-issues-guidance>

There will be clear economic benefits to the United Kingdom as a result of the Programme

Annex 1

NPS: How issues are addressed

Capacity	The NPS sets out the parameters for the Scheme. Accordingly, this Relationship Framework Document does not need to deal with the definition of the Scheme and how it will achieve the desired capacity. However, it is important that this Relationship Framework Document deals with matters to assist in the delivery of that capacity through the Programme in a timely manner.
Communities and environment	<p>An expanded Heathrow is expected to be a catalyst for economic growth, making a transformational contribution to both the local and national economies. However, the NPS recognises negative effects, in addition to the positive effects, that the Scheme could have on those living close to Heathrow Airport.</p> <p>The NPS also requires there to be a Community Engagement Board developed to help to ensure that local communities are able to contribute effectively to the delivery of Expansion, including to consultations and evidence gathering during the planning process.</p> <p>The NPS sets out how different possible effects may be expected to be tackled, including environmental impacts in relation to noise, air quality and transport. The exact nature and detail of those impacts and the relevant mitigation for each will be established through a process of public examination after any application for development consent. The mitigation and associated monitoring will then be secured by requirements in the DCO itself. Failure to comply with the terms of a DCO is a criminal offence. It is not necessary or appropriate therefore for this Relationship Framework Document to make further provision in relation to these issues.</p>
Surface access and M25	<p>The NPS addresses the surface access needs of the Scheme. It requires an applicant for development consent to bring forward an airport surface access strategy. It requires the applicant to bring forward proposals to achieve transport mode share targets for passenger and staff journeys and requires the applicant to secure the upgrading or enhancing of road and/or rail networks which need to be completed to enable the Scheme to operate, including the M25, local road diversions (including the A4 and A3044) and on-airport station works. Necessary measures will then be secured in the DCO itself.</p> <p>However, the wider interfaces of the Programme with public transport upgrades planned regardless of whether Heathrow Airport expands or not are significant and it is important that this Relationship Framework Document deals with those interfaces to ensure that the benefits of the relevant public transport upgrades are, where appropriate, maximised and that such upgrades are delivered in a timely manner and with regard to the timetable for the Programme.</p>
Connectivity	It is important that this Relationship Framework Document deals with issues of domestic and international connectivity with other airports and increasing competition as, although the NPS sets out some clear expectations, the Government and Heathrow will need to work together to deliver such expectations as they will require measures outside any DCO.
Economy	There will be clear economic benefits to the United Kingdom as a result of the Programme. It is important, however, that the Government and Heathrow work together to ensure that those benefits are clearly identified and are maximised.

*An expanded Heathrow
is expected to be a catalyst
for economic growth,
making a transformational
contribution to
both the local and
national economies*



This page is left intentionally blank

The information or guidance in this document (including third party information, products and services) is provided by DfT and Heathrow on an 'as is' basis, without any representation or endorsement made and without warranty of any kind whether express or implied.

The text will be made available in full on the Department for Transport's website. The text may be freely downloaded and translated by individuals or organisations for conversion into other accessible formats. If you have other needs in this regard please contact the Department.

Department for Transport
Great Minster House
33 Horseferry Road
London SW1P 4DR

0300 330 3000
www.gov.uk/dft
<https://forms.dft.gov.uk>

www.heathrow.com

© Crown copyright / Heathrow Airport Limited 2018

You may re-use this information (not including logos, photographs or third-party material) free of charge in any format or medium, under the terms of the Open Government Licence v2.0. To view this licence, visit

<http://www.nationalarchives.gov.uk/doc/open-government-licence>

Where we have identified any third-party copyright information you will need to obtain permission from the copyright holders concerned.



NND 6859 0618