

[REDACTED]
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Airport Capacity Programme Board (ACPB)

14 September 2017

Attendees

Caroline Low (Chair)	Rupesh Mehta	Sacha Hatteea
[REDACTED]	Tony Poulter	Farha Sheikh
[REDACTED]	[REDACTED]	James Adutt
Jack Goodwin	Rosemary Hopkins	Brett Welch
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED] – item 3	Roger Jones – item 4	[REDACTED] – item 6
[REDACTED] – item 7	[REDACTED] – item 8	[REDACTED] – item 9
[REDACTED] – item 10	[REDACTED] – item 5	[REDACTED] (observing)
[REDACTED] (observing)	[REDACTED] (observing)	[REDACTED] (observing)

Apologies	Sarah Bishop, [REDACTED], Tim Stamp, Philip Andrews, [REDACTED], Martin Capstick, Lucy Chadwick, Dan Micklethwaite
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Note

1. Minutes & Actions 17 August 2017 meeting

1.1. [REDACTED] welcomed everyone to the meeting and noted that Caroline Low (CL) and Jack Goodwin (JG) had been delayed and would join the meeting shortly.

1.2. The board reviewed the minutes of the previous meeting on 17 August 2017. James Adutt (JA) highlighted that many of the Board's discussions are (properly and necessarily) based on an assumption that HR NWR continues to be the Government's preferred scheme, whilst recognising that no decision has been or can be made until after consultation and parliamentary scrutiny. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

1.3. JA also highlighted that the statement in paragraph 7.2 that the forecast passenger benefits 'still show that a new runway at Gatwick would deliver greater total benefits for passengers over a 60 year appraisal period' needed to be clarified in terms of what figures were being compared to.

[REDACTED]
[REDACTED]
[REDACTED]

1.4. [REDACTED] suggested there needed to be clarity on what constituted board agreement (as reported in the minutes).

1.5. Rosemary Hopkins (RH) requested clarification of paragraph 4.4 of the minutes as to what the 'national support' was for.

Action 170914/2: Meeting minutes of 17 August 2017 ACPB meeting to be clarified in paragraphs 7.2 and 4.4.

1.6. [REDACTED] introduced the Actions Log and reported progress against the actions from the last board meeting. [REDACTED]
[REDACTED]
[REDACTED]

1.7. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED].

2. Programme update

2.1. [REDACTED] provided a general programme update. She informed the board that a WMS announcing the need for a period of further consultation was laid last week and that Sir Jeremy Sullivan's report on the consultation earlier in the year had been published. She also noted that preparations were underway to go to write-round on 2nd October and that mid-October was the target date for a short period of further consultation. Upcoming events such as the MPRG panel meeting (to take place on 18th September) were highlighted.

2.2. [REDACTED] then highlighted key points from the programme dashboard, including progress against KPIs, milestones and items coming to the board the following month. She reminded the board that HAL's first DCO consultation had been moved from December 2017 to January 2018. AF commented that it was positive to see a reduction in the number of vacancies in the programme team. [REDACTED] noted that the resourcing total on the dashboard was incorrect. [REDACTED] confirmed this was a typo rather than an error in the number of vacancies.

2.3. JA asked about the roundtable with local authorities and Lord Callanan on 13th September, as reported in the 'Stakeholder Engagement' section of the dashboard and Sacha Hatteea (SH) provided a brief readout.

2.4. [REDACTED] reported no changes to the highest rated programme risks, [REDACTED]
[REDACTED]. She informed the board that a new approach to risk reporting is being piloted in DfT, focusing on changes to reporting to help generate more meaningful conversations about risks. She noted that this would be shared with the board later in the year.

[REDACTED]

2.5. Brett Welch (BW) noted that the Legal Team has previously suggested that it may be helpful to separate out risks prior to any NPS designation and those post any NPS designation and related to longer term delivery.

3. Communications update

3.1. [REDACTED] provided a communications update for the board. She informed the board that the media coverage of the recent WMS and Sir Jeremy Sullivan report had largely been as expected: the story was not picked up widely but there was some interest. In particular, there was a piece by Alistair Osborne in the Times focussing on the passenger demand forecasts, and she noted that this provides helpful feedback for the programme when considering handling for when the passenger demand forecasts are expected to be published next month.

Action 170914/4: Article by Alistair Osborne (Times) to be circulated to board members.

3.2. [REDACTED] also informed the board there had been some coverage about the Labour party's position on a Heathrow third runway.

3.3. [REDACTED] said that the next milestone for the communications team was a communications plan for the further consultation launch, which is being developed. She added that Sir Jeremy Sullivan had seen a draft of the communications plan and was content with it.

4. Heathrow Rail Access update

4.1. Farha Sheikh (FS) provided the board with an update, highlighting that negotiations around Hexagon would soon be starting, and that this would be discussed at the Project Hexagon Steering Group meeting on 18 September.

4.2. Rupesh Mehta (RM) explained that Hexagon have set up a steering group which will decide what is included in the negotiation package.

4.3. In relation to Southern Rail, FS noted that the Department has commissioned Network Rail to consider a number of options for the next stage of SRLtH development. [REDACTED]

4.4. FS reported that it remains the Rail team's assumption that there will be an allocation of funding as part of the HLOS/SoFA for the delivery of WRLtH during CP6 ([REDACTED]). She also noted that the Department has always been clear that we will need to agree a contribution from HAL for the scheme.

[REDACTED]

4.5. Roger Jones (RJ) noted that to inform the plan for market engagement for private funding and financing, an internal workshop was held on 17 August to agree the broad purpose of market engagement and the audience for each of the Heathrow Surface Access Rail Schemes.

4.6. TP added that there was a roundtable run by Jessie Norman the previous week, and one of the key messages he took from this was that market engagement was better sooner rather than later. RM said there had also been some discussion of this issue ahead of the MPRG panel and that the proposals for market engagement continue to be developed.

Action 170914/5: Updated governance for Heathrow surface access to be brought to ACPB in November or December 2017.

4.7. CL asked that a written update on Rail and Roads be provided for future board meetings as a standing item.

Action 170914/6: Secretariat to liaise with Rail and Roads colleagues to arrange for a written update as a standing item at future ACPB meetings.

5. Economic Analysis (EISA)

5.1. [REDACTED] introduced the economic analysis paper, reminding the board that an earlier version of this paper was presented in August. The paper provided an overview of key messages from the updated forecasts and appraisal and compared the latest findings to those last published in the Airport Commission's report and the department's Further Review of Sensitivities Report. It also set out the implications and messages from the updated findings. [REDACTED] asked that the board noted the findings and implications from the updated analysis.

5.2. [REDACTED]

5.3. [REDACTED] highlighted the revised summary metrics in table 2. She added that a handling strategy is being developed for when the figures are published.

5.4. BW questioned the broad ranges that featured in table 2 ('Monetised economic benefits'), and asked whether they were likely to narrow. [REDACTED] said that this was unlikely, and explained that the ranges were necessary to reflect uncertainty in key impacts such as costs.

5.5. [REDACTED] asked why the NPVs had gone down since the last economic analysis paper. [REDACTED] explained that while benefits had increased, so had losses to airlines. The higher demand shown by the new forecasts means airlines earn more profit without expansion, which means they have more to lose when additional capacity is built.

[REDACTED]

5.6. CL noted that the strategic case (including the narrative on connectivity and frequency of flights) needs to be highlighted alongside these figures.

5.7. TP told the board he found this paper clearer than the previous narrative presented at the August board meeting, and asked whether the short term benefits of the preferred scheme over other airports could be highlighted in the EISA.

5.8. [REDACTED] stated there was a need for clarity on where information such as this should appear (the NPS, the consultation document or a separate piece). SH set out what would be published and provided assurance that there would be a holistic piece which would connect the documentation.

5.9. [REDACTED] recommended ensuring there was a clear short narrative that senior stakeholders could use when the updated economic analysis is published. He also suggested that the programme checked the narratives used by other major programmes such as HS2 in relation to timing of expected economic benefits.

Action 170914/7: Analytical team to check narratives used by other DfT's major programmes in relation to timing of expected economic benefits

5.10. The Board discussed the NPV analysis. CL noted that whilst every effort had been made to monetise benefits, this was difficult to do with wider economic benefits and these are not included in the analysis. DL suggested that this should be highlighted in the report appraisal update published.

5.11. The board noted the updated findings in the paper.

6. Relationship Framework Document update

6.1. [REDACTED] paper provided the board with an update on the development of the Relationship Framework Document (RFD) with HAL and asked the board to: note HAL's initial views on the need and scope of the document; note the communication with HAL on NPS dependencies; agree that HAL's proposals should be made clear before the government tabled their proposals; and to approve oversight of the RFD by the Commercial Steering Group (CSG).

6.2. [REDACTED] outlined HAL's initial reaction to the high level concepts within the Relationship Framework Document (RFD).

6.3. RH questioned whether the request for oversight of the RFD to be taken forward by the Commercial Steering Group was appropriate. She asked if this was an indication that the RFD would only cover commercial matters.

6.4. [REDACTED] noted that the scope of the RFD was open for discussion and would be defined through the further work planned. He agreed with RH that the CSG would only be appropriate if the remit of the RFD was limited to commercial issues, however he added that the RFD would still be returning to ACPB at major milestones and for oversight.

- [REDACTED]
- [REDACTED]
- [REDACTED]
- 6.5. [REDACTED] asked whether the CSG would make decisions about the RFD. CL stated that CSG were not the final decision-making body – this would be ACPB. On this basis, the board approved CSG's delegated authority in relation to development of the RFD. CSG meets more regularly and can be more nimble than ACPB which is what this work requires. CL noted it would be necessary to keep testing the document during its development.
- 6.6. TP asked if conversations were taking place between senior civil servants and Heathrow. CL responded that this was the case, highlighting that Lucy Chadwick and John Holland-Kaye have regular meetings.
- 6.7. BW asked what the output from the RFD would be. [REDACTED] responded that it would be similar to the Statement of Principles in that it would be published but not legally binding. Beyond that, the exact format was to be decided but at that moment, it was being developed in time for any NPS designation.
- 6.8. [REDACTED] asked about the timing of engagement with HAL in relation to the RFD. After an extended discussion, JG confirmed that [REDACTED] team will continue to develop the draft objectives, benefits, metrics and targets work following which [REDACTED] team will then work through these to determine what will be required by the NPS (or conditions in the DCO), what will be achieved via regulation as a result of statutory duties and what residual items will need to be addressed elsewhere. This will form the basis for scoping a Relationship Framework Document, on which engagement with HAL will only commence in full once the work on objectives, benefits, metrics and targets has been significantly progressed. In the meantime, some light touch engagement will commence on the vision statement(s).

7. Environmental update

- 7.1. [REDACTED] introduced her paper, which was for the board's information. The paper updated the Board on the proposed update to the Habitats Regulations Assessment (HRA).
- 7.2. [REDACTED] reminded the board that a draft HRA had been published in February, and this had examined the effect of the preferred scheme on 8 protected sites near Heathrow. It also compared the impacts of the other shortlisted schemes, and Gatwick had been ruled out as an alternative because of its likely impact on a 'priority habitat', which requires greater protection. She told the board that in light of consideration, including with internal and external legal advisers, of the requirements of the Habitats Directive, and also of consultation responses, there was a clear sense of the preferred scheme's unique ability to maintain the UK's hub status and that the next draft of the HRA would discount Gatwick as an alternative solution based its inability to meet the objective of maintaining UK's hub status. She added that only expansion at Heathrow would meet that objective. She added that this revised approach was subject to agreement by Secretary of State.
- 7.3. [REDACTED] introduced her paper on the updated air quality analysis of airport expansion. She informed the board that a new air quality plan had been published on 26 July and that, to reflect the new plan as well as revised aviation demand forecasts, the Department has since updated its air quality

[REDACTED]

[REDACTED]

[REDACTED]

analysis of airport expansion. She took the board through her paper and explained the findings presented on the second and third slides, noting that the analysis does not take into account airport-related mitigation measures (such as the mode share targets that Heathrow Airport has pledged).

7.4. When asked how confident she was in the data she was presenting, [REDACTED] told the board that the analysis undertaken is conservative, as it is based on high demand scenarios. She also informed the board that the methodology used in undertaking the analysis has been externally peer reviewed and found to be fit for purpose.

7.5. [REDACTED]

7.6. The updates on habitats and air quality were noted by the board.

8. NPS Changes and Further Consultation

8.1. [REDACTED] paper provided an update to the board on proposed changes to the draft Airports NPS. She provided an update on plans for the further consultation and noted progress on the assessment of consultation responses. She noted that the proposed changes to the draft NPS would be subject to clearances prior to Cabinet sub-committee write round (scheduled for early October).

8.2. [REDACTED] provided a verbal update on (a) the approach to financeability of the preferred scheme in the NPS, and (b) the question of runway length. He noted that some consultation responses had questioned whether the runway length should be shortened. He reported that technical advice (from York Aviation) had stated that in order to deliver operational expectations, 3,300m would be required. However, given that the additional cost of constructing a 3,500m runway as included in the NPS was immaterial, and that the shorter runway would have higher noise impacts, it was recommended that the proposed runway length remained as stated in the NPS.

8.3. [REDACTED] outlined next steps. There would a submission to the Secretary of State on changes to the NPS. She acknowledged that not all the consultation responses had been considered in detail, but the board were reassured by RM that OPM and all workstream leads had reviewed all responses. CL noted that this presented an acceptably low level of risk.

8.4. [REDACTED]
[REDACTED].

8.5. SH added that there would be emphasis placed not only on aspects of the NPS which had been changed, but also aspects which had not been changed.

8.6. Board Members were further reassured by [REDACTED] that any other consultation responses that required further consideration would be picked up in the

[REDACTED]

11.AOB

11.1. There was no other business discussed.