



**Meeting of the Airports Commission
3 March 2015 - 10:00am to 16:00pm
Rm 6.02 Sanctuary Buildings**

Attendees:

Commission members:

Howard Davies - Chair
John Armitt (agenda items 1-13)
Ricky Burdett
Vivienne Cox

Secretariat (agenda items):

Philip Graham



Apologies:

Julia King

Expert Advisory Panel:

Peter Mackie (10-14)
Brian Pearce (10-14)

1. Welcome

Howard Davies (HD) welcomed attendees and invited updates on the register of interests. No updates were required at this time.

2. Note of Last Meeting

There were no new comments on the note from the 12 February and the note was agreed. Comments had been received from Commissioners on the note of the 23 February meeting and would be incorporated.

Action: Secretariat to incorporate Commissioner's comments on note of 23 February meeting.

3. Round up of stakeholder meetings

HD gave an overview of the meetings that have taken place since the last Commission meeting:

- 24 February – Meeting with UKREP and DG COMP at the European Commission in Brussels.
- 2 March – Commission visit to the ARUP Sound Lab.

HD also advised that he would be meeting Sir Jeremy Heywood (Cabinet Secretary) and Sir Roy McNulty (Gatwick) in the coming week.

4. Update on analysis and any current concerns

The Secretariat stated that updates on current areas of analysis would be covered in subsequent agenda items.

5. Strategy updates

The Secretariat gave an update on strategy-related actions from the previous two meetings. All actions had either been completed or were discussed as follows:

1. Provide a note on demand forecast peer review work: Work in progress.
2. Provide more narrative on connectivity from the supply side (airline behaviour): Work in progress.
3. Re-draft final report narratives relating to planning caps and the second net additional runway: Work in progress.
4. Provide further analysis on demand for air freight: Results presented in the meeting today (Agenda item 14).
5. Provide note on the plausibility of the forecast scenarios, with a view to focussing the narrative more fully on a single one: Presented for discussion in the meeting today (Agenda item 13).
6. Engage with Airport Co-ordination Limited (ACL) to understand how they would go about allocating slots in the case of expansion: Discussed under this agenda item (more work ongoing).
7. Look at scheme promoter plans and scrutinise costs for items raised by airlines in consultation responses: Work in progress.
8. Investigate potential impact of easyJet's proposals for flights from Heathrow Terminal 4 on scheme costs submitted by Heathrow Airport Limited and Heathrow Hub Limited: Discussed under this agenda item – no significant impacts identified by Commission's consultants.
9. Commission the ITF and SEO to review the technical responses on airline competition: Work in progress.
10. Contact IATA for more information on pre-funding internationally: Work in progress.

6. Final report narrative

The Secretariat briefly discussed how, subject to consultation responses, the economic case would be presented in the Commission's final report and this would be covered in more detail in subsequent agenda items.

7. Consultation responses

The Secretariat provided an update on responses received during the national consultation which related to carbon, economy, local economy and quality of life. The Secretariat also noted where additional work was underway to deal with some of these comments.

The Commission noted some recurring themes in responses regarding economy points, such as the importance of night flights to airlines and others. The Commission requested that the Secretariat undertake some more work to consider the destinations served by night flights from different airports and what competition there was from European airports, before the noise and delivery thematic meetings.

The Commission also requested the Secretariat investigate the impact of the transport improvements set out in the London Plan in the local economy analysis and to undertake a health assessment gap analysis.

8. Carbon-capped appraisal update

The Secretariat provided an update on carbon-capped appraisal work following on from discussions held at the 23rd February Commission meeting, including emerging results on carbon capped appraisal and an update on the work to consider further the feasibility of an option in which the level of carbon emissions in both the base case and 'do something' was 37.5 Mt.

Action: Secretariat to circulate slides from agenda item 8 for further comment.

9. Economic work stocktake and road map

The Secretariat gave a brief overview of the background economics in the Commission's Interim Report (Dec 2013), analysis undertaken for the autumn national consultation (Nov 2014), and how the different strands of economic analysis would fit into the Commission's final report. The Secretariat explained the different strands of economic analysis that had been undertaken and how these fed into the final narrative and other aspects of the Commission's final publication.

The Commission noted the consultation responses and decided that the presentation of results should be developed around a single scenario, with extreme ends of the range noted alongside specific points where appropriate.

Action: Secretariat to provide an updated table based on Slide 7 on comparable benefits.

10. Direct economic impacts

The Secretariat outlined where the direct economic benefits work would fit into the final report and associated documents as well as key outcomes from the consultation and the proposed approaches to further analysis. The Commission noted the findings of the presentation and discussed possible ways to capture key messages in the final report.

11. Wider economic impacts

The Secretariat outlined the two approaches it had taken to calculate the wider economic impact analysis: the S-CGE model calculating the GDP/GVA impacts and the conventional micro wider economic impact approach.

EAPs noted that the GDP/GVA analysis did not pick up on some particular impacts of potential interest to the Commission in relation to high quality jobs. The Commission also noted that the GDP/GVA impacts (along with wider economic analysis) didn't pick up on some of the unique characteristics of the London economy, such as the value derived from higher education and cultural industries.

The Commission noted the approaches and suggested that the GVA analysis could be used to draw out differences between the schemes in the strategic fit section of any final narrative, whilst the micro-economic analysis should be kept within the economy section of the narrative.

Action: Secretariat to re-consider its earlier 2013 paper on the economy to look at impacts of expansion for London.

Action: Secretariat and EAPs to draft a note on the robustness and potential uses of figures and analysis in both the GDP/GVA wider economic benefits analysis and the conventional WebTAG wider benefits analysis.

12. Presenting the results

The Secretariat outlined the 5 global scenarios used in the Commission's analysis to date and the Commission discussed the possibilities of how they can be drawn upon in the final narrative. The Commission noted that given the complexity and large range of data available the presentation of results should be based around one scenario, with appropriate sensitivities based on the implications of alternative scenarios identified.

13. Other economy issues

The Secretariat presented the analysis on impact of expansion at either site on the air freight sector.

The Commission was particularly interested in impact of increased freight on air quality, carbon emissions and jobs around the airports through freight on roads. Secretariat confirmed that further analysis was underway.

Action: Results from Jacobs' road-freight analysis to be presented to the Commission when available.

The Secretariat ran through its current approach to dealing with aero charges in its modelling and outlined further work it planned to undertake with the ITF and SEO.

Action: Secretariat to circulate British Airways paper on scarcity rents.

On night flights, the Commission noted the importance of night flights to the network carriers, business passengers (connecting and OD traffic) and express freight sector and the importance of late-night/early-morning flights. Secretariat fed back previous views expressed in discussions with freight operators.

Action: Secretariat to investigate what proportion of passengers arriving on night flights at Heathrow Airport are transfer passengers/those flying direct to London (to be presented in the Commission meeting on 'delivery')

Action: Secretariat to find out what constraints exist at airports in the Far East whose night flights arrive early in the morning in the UK – i.e. do these flights have to depart by a certain time due to the airports closing or could they possibly depart later so they arrive later in UK? (to be presented in the Commission meeting on 'delivery')

14. EAP feedback/QA

The EAPs present were asked if there were any further points they wanted to raise. In relation to the size of elasticities in the demand model, EAPs felt that with high carbon prices the demand would be more elastic under greater price rises (currently held constant).

Action: Secretariat to note EAP's comments relating to elasticities assumptions in the demand model in the context of interpreting its results and conduct a sensitivity analysis to test such a change.

15. AoB

There was no other business.