

**STANSTED AIRPORT ADVISORY PANEL held at COUNCIL OFFICES
LONDON ROAD SAFFRON WALDEN at 7.30 pm on 11 MARCH 2010**

Present: Councillor D M Jones – Chairman.
Councillors K R Artus, C A Cant, J F Cheetham, R M
Lemon, G Sell, L A Wells and P A Wilcock.

Officers
in attendance: W Cockerell (Principal Environmental Health Officer), R
Harborough (Acting Director of Development), J Pine
(Planning Policy/DC Liaison Officer) and R Procter
(Democratic Services Officer).

Also attending: Nick Barton – Commercial and Development Director,
BAA.

SAP13 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillors A Dean and D Perry.

SAP14 UPDATE FROM BAA

Mr Barton gave an update on BAA's perspective in relation to four areas which he hoped the Panel would find interesting: financial results announced in February, current trading conditions, ownership of the airport and G2. He invited questions on these and any other areas, as Members wished.

Financial Results

Mr Barton gave an overview of financial results. In terms of Stansted's performance, whilst a considerable loss had been reported of £102.1m, representing a downturn of 10.7% Stansted itself had exceeded its target, despite the impact of the economic recession. The figures included depreciation, and a financial adjustment of £665, regarding the sale of Gatwick for £277m, as well as a pensions deficit and debt instruments adjustment.

Current trading conditions

Mr Barton said the rate of decline in GDP seemed to have flattened out since November. There was still a reduction in volumes: this year's traffic was 19.6m, compared to 19.951 in 2009. He was expecting a further decline but was optimistic that recovery was approaching. Until more was known about Ryanair's intentions, future traffic volume was difficult to forecast. In summary, the airport had achieved its targets, and due to rigorous cost-cutting was resilient.

He went on to say that employment at the airport had reduced, falling by about 1,000 staff over two years. The airport had traded very well during the winter, and only four hours' unplanned closures had occurred in December and January. Stansted had taken number of significant diversions from other airports during the bad weather, at considerable cost.

Councillor Cheetham asked two questions, about employment and effects of de-icing. She said increased numbers of people were coming into the benefits system: had Stansted Airport found another business to take over the employment of 350 people following the recent announcement of the closure of SRTechnics? Regarding de-icing, was the airport vigilant about water contamination?

Mr Barton said SR Technics paid rent on a long lease to BAA. The company had told BAA of their plans two days before making the announcement. They were carrying out a major structural change in their business. As SR Technics owned the building, it was expected they would appoint property agents. BAA supported the use of the hangar and had indicated willingness to widen existing restrictive covenants on use to permit new aviation uses for the building. A number of other businesses had approached BAA.

Regarding Councillor Cheetham's second question, two de-icing chemicals were used. Their use was monitored and water was analysed for contaminants – if any were found, then water was diverted to the main holding pond for treatment. If limits were breached, a significant fine would be incurred, and in fact during January levels in the balancing pond had been at 95%, i.e. very close to breaching capacity. BAA acted closely with the Environment Agency to monitor water levels. An increase in the ponds' capacity was being considered, following a breach last February, and the apparent increased frequency of heavier rainfall.

Councillor Sell asked about the proportion of passengers carried by Ryanair, and relations with BAA. Mr Barton said Ryanair's share of Stansted air traffic was 68%, varying according to the season. Ryanair had reduced the number of their aircraft based at Stansted, and during the winter had kept between 32 and 37 aircraft on the stand. Whilst those aircraft were not being used as intensively as in the past, the company's performance was still strong.

Mr Barton gave a perspective on the relationship between BAA and Ryanair, which he said was very tough commercially. However, Ryanair was a major customer and whilst their style might be difficult, their approach was very logical and based on strong rational principles.

Councillor Godwin said she was concerned at the potential for water contamination by de-icing chemicals if the balancing ponds were to overflow. She asked how long these substances took to break down, and whether other chemicals were used in this process.

Mr Barton said the products were not heavy metals, but did have the effect of taking oxygen out of the water, which although not a long term effect was obviously hazardous to fish. He said the system aimed to treat the water, but could not deal with exceptionally high levels of water. Mr Barton reassured Members that BAA was very closely involved with the Environment Agency; that prevention of contamination was a priority; and he was happy to issue an invitation to any councillors who wished to visit the pond sites.

Councillor Wilcock questioned the resiliency of BAA's business model if Ryanair relocated, and consequences for the local economy if there were to

be job losses. In the rest of Europe Ryanair worked closely with local authorities, and he wondered what action Uttlesford District Council could offer to influence the retention of business.

Mr Barton said this was an interesting point, and that the risk to the airport had already crystallised as there had been job reductions. BAA had changed its pricing model to operate at regulated prices, rather than discounting published tariffs. As a regulated business, BAA's returns could not exceed a return of 7%. BAA was comfortable with the fact that 90% of its business came from the two airlines Ryanair and EasyJet, both of which were solvent and profitable, as was its other main customer, Air Asia. Although not complacent, BAA had a good dialogue with these businesses. Mr Barton said he would be delighted to accept help the Council could offer to help protect business in the area.

Councillor Cant asked about long term economic forecasts which indicated a further downturn, and asked when 35mppa would be achieved.

Mr Barton said BAA was working on those forecasts and would share them when they became available.

Ownership

Mr Barton spoke about preparation of environmental assessments and traffic modelling for G2, which would take approximately 18 months to two years. The situation was affected by the continuing threat of break-up. BAA had appealed the Competition Commission decision on two grounds, proportionality and apparent bias, and had been successful on the second issue. The Competition Commission was now appealing. Data would therefore be released in April or May.

Councillor Lemon asked what effect he thought the state of the GBP would have on passenger numbers.

Mr Barton said inbound passenger volumes were increasing. Stansted's financial performance last year was strong due to retail. Duty free stores were 35% up. However, airport car parking was significantly down, and was the worst performing part of the system. This reduction was despite a sophisticated parking system which had not stimulated demand as much as had been hoped.

Councillor Cheetham said car parking was being lost to the airport because people were parking outside it. The Council faced costly enforcement, particularly around Takeley, and she invited BAA to make airport parking more attractive. She asked whether BAA advertised its parking.

Mr Barton said BAA targeted its advertising, primarily via the radio station *Magic fm*. The advertising budget was £350K. He described the operation of the demand-based car parking tariff system, which continually adjusted prices, permitting parking at low cost if booked in advance. He said BAA would be happy to be involved with the Council in helping to resolve parking issues.

Mr Barton said until the Competition Commission's appeal was determined, uncertainty over the airport's ownership would continue.

G2

Mr Barton said the question of ownership had implications for the determination of G2, as BAA would have to be confident of being the promoting body.

Councillor Sell asked about BAA's strategy if there were a change in government. Mr Barton said BAA could not prejudge the election, although it seemed likely policy would be reviewed if there was a Conservative government.

Councillor Cant asked how a private company could achieve the resources to build a runway. Mr Barton said raising finance was a challenge, but was made easier as BAA was a regulated business, and because the product was a scarce resource. There tended to be an appetite for investing in infrastructure, as a high-value asset.

Councillor Wilcock asked how BAA justified profitability of parking charges for 'kiss and fly' traffic, for which the airport had to make provision under planning conditions. He said from April last year the charge for traffic staying less than 15 minutes had been doubled to £2, and had raised £1.2m, some of which no doubt came from those who went over the 15 minutes.

Mr Barton said he made no apologies for that tariff. From the regulatory perspective, BAA was encouraged to make users pay for infrastructure. The money went into the 'single till' regulatory model, i.e. airport charges were calculated after taking out operating costs and commercial revenues. The more commercial revenue increased, the more the airport's charges went down; the charge was also a factor in trying to deter traffic.

Councillor Wilcock said if the airport was serious about reducing car emissions, it would not be applying for more car parking, and would promote public transport more.

Councillor Cheetham said a great many local residents were affected by having to pay the £2. Under the Regional Spatial Strategy the airport was a regional transport hub, to be used as part of the local network for people to access buses and trains to other destinations. She asked whether systems could identify the proportion of money raised from local people. She said people objected to doubling the charge to £2, which seemed an arbitrary decision. It had originally been a clause in the Section 106 agreement for expansion to 25mppa that the first 10 minutes would be free, and local people felt they had been hit with subsidising the airport. She hoped in future BAA would consult through passenger services.

Councillor Godwin said people in villages did not have a direct bus link, and were penalised for using their local station.

Minutes of Meeting held on 11 March 2010

Stansted Airport Advisory Panel, 2 November 2010, item 2

Mr Barton said proposals for a 'Pay on Foot' scheme were being put to the Stansted Airport Consultative Committee (STACC). Non-commercial users would be able to buy a card which would give them a 50% reduction on the cost of parking for up to 15 minutes, by means of a system using registration number recognition. The card was aimed at frequent users, and represented an attempt on the part of the airport to acknowledge specific impacts on its neighbours.

Councillor Lemon asked what steps the airport was taking to attract passengers to Stansted for the 2012 Olympics.

Mr Barton said a group of staff had visited Vancouver to learn from the experience of handling additional traffic connected with hosting the Olympics. The main gateway would be Heathrow, but Stansted would be likely to have a significant role in receiving chartered flights. Mr Barton suggested his colleague Julia Gregory could give a presentation to the Panel regarding links to the 2012 Olympics.

The Chairman thanked Mr Barton for an extremely interesting and informative talk.

SAP15 **MINUTES**

The Minutes of the meeting held on 23 September 2009 were agreed and signed by the Chairman as a correct record. There were no matters arising.

SAP16 **SECTION 106 AGREEMENT PROGRESS MONITORING**

The Planning Policy/ Development Control Liaison Officer presented a report setting out the current position with regard to the various obligations contained in the Section 106 agreement which formed part of the planning permission for airport expansion from 15-25 mppa granted on 16 May 2003. He said a report addressing progress with the new unilateral undertaking signed by BAA as part of expansion to 35mppa would be provided at the next meeting.

Regarding the downturn in airport throughput as a result of the current economic situation, new annual rolling throughput figures to the end of February 2010 were now available, of 19.845 mppa, and 155,476 PATMs, indicating a levelling off in the previous decline.

There were three areas where obligations had not proceeded as envisaged. First, regarding the provision of a passenger shelter for Platform 2 at the rail station, negotiations were still ongoing regarding fire safety issues. Councillor Cheetham expressed concern that security measures made the train platform less open and therefore potentially dangerous in an emergency.

Secondly, the proposal for a visitors' centre had not yet been implemented, but unfortunately had been delayed due to recent security scares and the current economic situation.

Thirdly, the real time information hardware recently installed at the bus / coach station was yet to go live for technical reasons relating to ECC not yet

having its system up and running. At the moment, timetable information was being displayed.

Councillor Wilcock referred to the obligation to provide a pick-up area for arriving air passengers. It seemed there was a difference in understanding between the airport and Development Control members on this obligation and he asked whether lessons had been learnt from that experience. Councillor Cheetham said this obligation related to Section 106 obligations under the 15 – 25 mppa permission, and since then she trusted the Council had moved forward in terms of advice on such agreements.

SAP17

G2 INQUIRY

The Director of Development gave a summary of the current position. He did not foresee the inquiry opening for two to three years. The Council would require more than 8 weeks notice to be in a position to start work. Officers would continue to monitor the situation in order to gear up at the first prospect of the inquiry starting.

There was further discussion of the monitoring of the current situation, including keeping up momentum with partner authorities. Regarding Panel meetings, Members felt it was appropriate at present to hold a meeting three to four times a year, and that a timetable should be agreed in advance and should link in with STACC meetings. In view of the visit today from Nick Barton, Members suggested both SSE and BAA be invited to attend once a year, as well as other airport users. The Chairman invited Members to propose items for future agendas. Councillor Cant suggested the Panel could write letters to organisations, such as the rail authority.

SAP18

ANY OTHER BUSINESS

Councillor Artus reported on a recent meeting of STACC, and encouraged Members to read the Committee's minutes as these were very constructive. He would circulate the minutes for comment.

The Principal Environmental Health Officer said air quality monitoring equipment had been placed at Burton End.

The meeting ended at 9.20pm.